FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT
No. 27,965 Friday September 14 1979 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 4.25; FRANCE Fr 3.5; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pta 60; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p

NEWS SUMMARY

GENERAL

Front may put up rival plan

A constitutional plan drawn up by the Patriotic Front may be presented today when the Lancaster House conference on Rhodesia starts discussing Britain's constitutional proposals.

Discussion of the proposals which the UK circulated on Wednesday night to Premier Bishop Abel Muzorewa's delegation and th ePatriotic Front, were meant to have begun yesterday.

But no morning session was held, at the request of the Salisbury delegation, and when the three sides met in the afternoon it was agreed that both Rhodesian parties needed still more time to consider their response.

Schild returns

British businessman Rolf Schild was back in Sardinia last night after spending a week in London trying to raise ransom money for his kidnapped wife and daughter.

Killer Frederic

Hurricane, Frederic killed a four-year-old boy and an 84-year-old woman in Alabama as it hit the south-eastern U.S. and moved inland, generating tornadoes and the threat of flooding from torrential rain. The British Insurance Association and Lloyd's said their members had few liabilities in the areas affected. Page 3

Head banned

Governors of the Cardinal Manning School in North Kensington have suspended London's first black secondary school headmaster before he has even taken up the appointment—because he is divorced.

Train deaths

At least 60 people were killed and more than 100 injured when a heavily loaded freight train crashed into an express packed with young soldiers near Stalac, *south of* Belgrade.

Relief operation

Indonesia began a relief operation after the earthquake and tidal wave which devasted islands on the northern coast of Irian Jaya, leaving at least *10,000 homeless.*

Nuclear waste

Britain and the U.S. have agreed to a joint experiment in using the fast breeder type of reactor to destroy highly radioactive nuclear waste. Back Page

Bomb alert

Dublin police were last night investigating a fire bomb alarm in the central Clarence Hotel. An earlier alarm in a top department store turned out to be a hoax.

Out now!

Now!, the weekly news magazine established by Sir James Goldsmith, chairman of Cavenham, is launched today with a print run of 400,000 and backed by a massive advertising campaign. Page 8

Briefly . . .

Population of Belfast dropped by 77,000—19 per cent—in the seven years to 1978, according to a survey by the Northern Ireland Housing Executive. Page 9

Death toll in the freak explosion on Mount Etna, Europe's most active volcano, rose to nine.

Woman was robbed of jewellery worth £25,000 when she was ambushed at gunpoint as she drove along a narrow lane in North Cray, Sidcup, Kent.

BUSINESS

Equities drift; Copper down £24

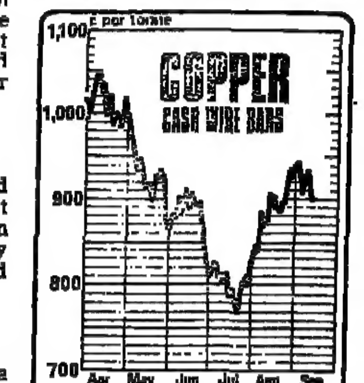
● EQUITIES drifted downward and the FT ordinary share index closed 4.5 down at 467.6.

● GILTS were dull with losses of ¼ in longs. The Government Securities index closed unchanged at 72.73.

● STERLING remained under pressure, and fell 1.95 cents to $2.2030. Its trade-weighted *index fell to 70.3 (70.6). The dollar's rose from 84.6 to 84.9.*

● GOLD fell $3¼ to $334¼ in quiet trading in London.

● COPPER prices fell sharply on speculative selling, with cash



wirebars £24 down at £899 a tonne. Page 39

● WALL STREET was 0.51 down at 870.33 just before the close.

● VOLUME of goods and services produced in the UK increased by 2½ per cent between 1977 and 1978, slightly [illegible] than the average of 2 per cent over the past 10 years, according to the National Income and Expenditure "Blue Book." Page 10

● MERGERS referred to the *Monopolies Commission* for investigation have shown a significant increase in the past few years, the Office of Fair Trading reports. The rate has risen to more than five a year. Page 8

● BNOC asset disposal plans are expected to be announced by the Government today, follow a Cabinet meeting which is understood to have formally endorsed economic committee decisions. (Page 8). The North Sea supply industry grants madew rongly by the Department of Energy may be nearer £100m than the £52m estimated at first. Page 10

● GEC made a £90.4m bid for the Avery's weighing mahine company in response to permission to proceed from the Monopolies Commission. The bid was immediately rejected. Back Page

● INTERNATIONAL Telephone and Telegraph has written off $320m (£145m) against the closure of its chemical cellulose mill in Quebec which has suffered numerous labour problems and has lost $108m in the last two years. Back Page

LABOUR

● CHRYSLER UK's warning that its Ryton, Coventry, plant will close within weeks unless the 10-week strike there ends has had little impact on the leaders of the workers, with TGWU officers reporting even stronger strike support. Page 12

● MINERS' leaders will begin negotiations in 10 days' time claiming pay increases of up to 65 per cent, bringing the top coal face rate to £140 a week. Page 12

COMPANIES

● S. PEARSON AND SON pre-tax profits for the half year to June 30 fell from £22.12m to £20.55m, and its quoted subsidiary, Pearson Longman reports pre-tax profits down from £11.39m to £10.52m over the same period. Page 26

Outflow of capital begins following easing of controls

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

British residents have started to switch capital abroad following the recent major relaxation of exchange controls on investment overseas.

This is suggested by the money supply figures for the month to mid-August published yesterday by the Bank of England.

The figures confirm that the underlying rate of monetary growth remains above the official target range. Bank lending is still expanding strongly while central Government borrowing and sales of gilt-edged stock have continued broadly to offset each other.

The main new feature last month was an increase in external and foreign currency finance of £446m. Since there was little change in the official reserves during the period the Bank says: "This implies a net outflow of funds from the non-bank private sector and is likely to have been associated in part with the recent relaxation of exchange controls."

A substantial private sector caiptal outflow is also indicated by the increase in authorisations for such transfers given by the Bank following the two-stage liberalisation of controls—in the June 12 Budget and on July 18. As a result there is now complete freedom of choice in financing direct investment overseas and controls on buying *property and shares have also* been substantially relaxed.

The outflows coincided with, and may have partly contributed to, the sharp fall in sterling at the end of July. There may haveb een further switching of capital overseas in the last few days as sterling has *come under further strong pressure.*

Dealers reported widespread selling again yesterday and official support may have been on a rather larger scale than in the last fortnight. This may partly reflect a narrowing of the interest rate gap between *Britain and overseas following* the rise in U.S. and Continental rates coupled with growing market concern about the domestic labour scene.

In particular, there has been switching out of sterling into D-marks, partly associated with speculation about a possible realignment *of the European* Monetary System. The pound yesterday closed at DM 4.00¼, its lowest level since late June, compared with DM 4.11¼ at the beginning of the month.

The pound also fell below its recent trading range against the dollar—dropping yesterday by *1.95 cents to $2.2030. There was strong central bank intervention* in support of the dollar. The sterling trade-weighted index fell by 0.3 to 70.3, compared with 71.9 at the beginning of the month.

The impact on the money supply of private sector capital outflows depends on how they are financed. To the extent that such movements are financed by sales of public sector debt and by bank borrowing in the UK the effects will largely cancel out. There is some tentative evidence that some companies and institutions have been repaying foreign currency loans from domestic bank borrowing and hence it may be wrong to regard these outflows as an artifical understatement of monetary growth.

This could explain part of the £677m rise in sterling lending to the UK private sector last month. However, acceptance credits on commercial bills held outside the banking system, which are not included within sterling M3, increased by over £300m.

The authorities nevertheless

Continued on Back Page
Tables, Page 8
Money Markets, Page 37
Lex, Back Page

Tougher EEC line over steel producers

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT, IN BRUSSELS

VISCOUNT ETIENNE DAVIGNON, the EEC *Industry Commissioner*, gave a clear warning yesterday that the Commission intended to take a tougher attitude towards inefficient steel producers that failed to press ahead with industrial restructuring.

He said that from next year the operation of the EEC's programme to stabilise conditions in the steel market would be linked more closely with restructuring to ensure that more competitive plants in the Community are fully utilised.

He told a Metals Society conference in Amsterdam that companies which were tempted to delay restructuring while benefiting from the programme should not think that Community solidarity would continue to bail them out while disadvantaging more dynamic *steel producers.*

"Term is starting, with the final exam of the Market coming up at the end of the year. Those who fail it are not sure of a place in next year's class," he said.

He did not spell out what new *measures the Commission has* in mind to shake up the industry's laggards. But it is understood that they are likely to take the form of steps to restrain production by uncompetitive and outdated companies.

One possibility would be for the Commission to scrutinise more closely the final delivery quotas to which most EEC steel companies now commit themselves voluntarily as part of the market stabilisation programme. Producers who delayed restructuring would be subject to heavy pressure from Brussels to cut their planned deliveries until they fell into line.

The Commission forecasts crude steel production in the EEC will rise to 35.6m tonnes in the final quarter of this year. That would be the highest quarterly level reached since 1974 and almost 9 per cent higher than output in the fourth quarter of last year.

It warned, however, that the steady improvement which has taken place in the steel market over the past few months could soon run out of steam and that the industry must be prepared to face a period of weaker demand.

UK steel output, Page 8

£5m Decca loss surprises City

DECCA, the defence, marine and consumer electronics company, made a net loss over the past financial year of £5.3m, compared with a net profit in the previous year of £4m.

The magnitude of the fall took the City by surprise. A small, though reduced, profit on the year had been expected and the company had said earlier this year that it had no reason to believe it was losing money.

In its preliminary statement yesterday, the company said that the losses were largely the consequence of three factors—the strength of the pound, rising labour costs and higher interest charges.

Sir Edward Lewis, Decca *chairman, said that business* was particularly bad in the company's television and popular record divisions, while the survey division, which specialises in underwater equipment for the North Sea oil business, had suffered from a drop in orders.

Sir Edward said he could not comment on the possibility of a takeover bid for the company, but "a good bid for the television business, or some form of co-operative venture, might be considered."

Decca manufactures between 100,000 and 150,000 colour TV sets a year, taking around 6 per cent of the British market.

The company was "hoping for better things in the current year." Sir Edward said that Decca's electronic warfare equipment and its Doppler navigation system, had good prospects.

The company has made a number of workers redundant in the Midlands during the year. Sir Edwards said that "there may be further redundancies in the future."

While defence electronics constitute a growing market for the company, especially in the field of naval electronics, many of the problems stressed by the company continue to affect the present year.

Losses before tax and special items for the past year stand at £384,000, compared with pre-tax profits in 1977/78 of £12.3m. Taxation last year amounted to £1.6m while losses on reorganisation and disposals amounted to £1.5m. There was also a loss of £1.6m on realisation or revaluation of foreign assets.

Details, Page 28
Lex, Back Page

Industrial output picks up in summer

BY DAVID FREUD

ECONOMIC ACTIVITY picked up strongly earlier this summer Manufacturing output climbed back to the peak levels of 1973 and 1974 for the first time.

The main contribution to the increase in manufacturing output comes from the engineering *sector, where output rose 2.8 per* cent. The series of engineers strikes which started last month suggest that it is unlikely to be sustained.

INDUSTRIAL PRODUCTION
1975=100, seasonally adjusted

		All Industries	Manufacturing
1978	1st	107.0	102.3
	2nd	110.7	104.5
	3rd	111.3	104.8
	4th	110.2	103.0
1979	1st	109.6	102.0
	2nd	115.0	107.5
	Jan.	103.8	93.6
	Feb.	111.9	104.7
	March	113.2	107.7
	April	113.2	106.0
	May	114.7	106.7
	June	117.1	109.8
	July	116.4	108.1

Source: Central Statistical Office

Between May and July, industrial output was 2.9 per cent higher than in the previous three months, according to figures released yesterday by the Central Statistical Office.

Over the same period, the output of manufacturing industries rose 1.9 per cent.

There were extensive revisions to the industrial production indices this month, due to the introduction of a new set of seasonal adjustments.

The index for industrial production fell in July by 0.6 per cent to 116.4 (1975=100, seasonally adjusted). This was from the very high June total, which was revised upward by 0.9 per cent.

There was a similar pattern in manufacturing, where the index dropped 1.5 per cent to 108.1. Taken together, the average index figure of 109.0 for June and July was close to the peak figure of 109.2 for the second half of 1973.

£ in New York

—	Sept. 12	Previous
Spot	$2.2215-2220	$2.2500-2510
1 month	0.57-0.53 dis	0.65-0.60 dis
3 months	0.96-0.90 dis	1.49-1.45 dis
12 months	3.35-3.25 dis	3.15-3.00 dis

Engineering dispute peace move

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TWO sides in the dispute which is causing acute disruption to the engineering industry have been called to the Advisory, Conciliation and Arbitration Service on Monday to see if there is any basis for peace talks.

Members of the Confederation of Shipbuilding and Engineering Unions executive yesterday agreed to attend the meeting but decided that the next two-day strike, due to start on Monday, will go ahead as planned. The national overtime ban will *also remain in force.*

Monday's meeting will take place at the request of ACAS and has the limited objective of discovering whether an agenda for more formal negotiations can be agreed between the two sides.

If it achieves its objective talks will resume on Wednesday. But the success of the ACAS intervention cannot be guaranteed—talks between the two sides last week failed to make any progress and there is no indication at present that either side will have shifted its position by Monday.

Mr. Alex Ferry, confederation general secretary, said yesterday: "We have not indicated in any way to ACAS that our resolve has weakened. We are as strong as ever."

On Wednesday Mr. Anthony Frodsham, director general of the Engineering Employers Federation, said that the employers intended to "stand absolutely firm" in the dispute.

Yesterday's confederation executive meeting considered a request from BL for exemption from the strikes and overtime ban in view of the company's circumstances but rejected it. "They can easily gain exemp*tion by conceding our claim,"* Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said.

A meeting of about 1,000 men at Rolls-Royce's Ansty factory in Coventry yesterday voted to work normally during next week's strike in the face of the *company's decision to lay off all* its 30,000 manual workers from tonight because of the dispute.

The dispute is over a union claim for a new national minimum craft rate of £80 per week, one hour off the working week this year, two days extra holiday and a common imple*mentation date for the new* agreement.

Editorial comment, Page 24

Rolls fears for orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, whose capital requirements for future engine development amount to some £500m over the next five years, is increasingly worried about the possible loss of foreign airline customers for its aero-engines as a result of the engineering dispute.

If it persists, the company—which is prepared to lay off up to 30,000 workers next week—could find many overseas airlines buying American jet engines instead of RB-211s. This could shut the company out of those markets for the next ten to 15 years.

This would jeopardise the future of new engines like the Dash 535 version of the RB-211 for the Boeing 757 airliner, and lead to the revision of long-term capital financing plans for other new engines, such as the *RB-432 and RB-401.*

The Dash 535 alone accounts for about £250m of the £500m needed over the next five years. But the investment projections are linked to sales forecasts, which could be hit by the dispute.

So far, the dispute is understood to have cost Rolls-Royce £15m in cash flow.

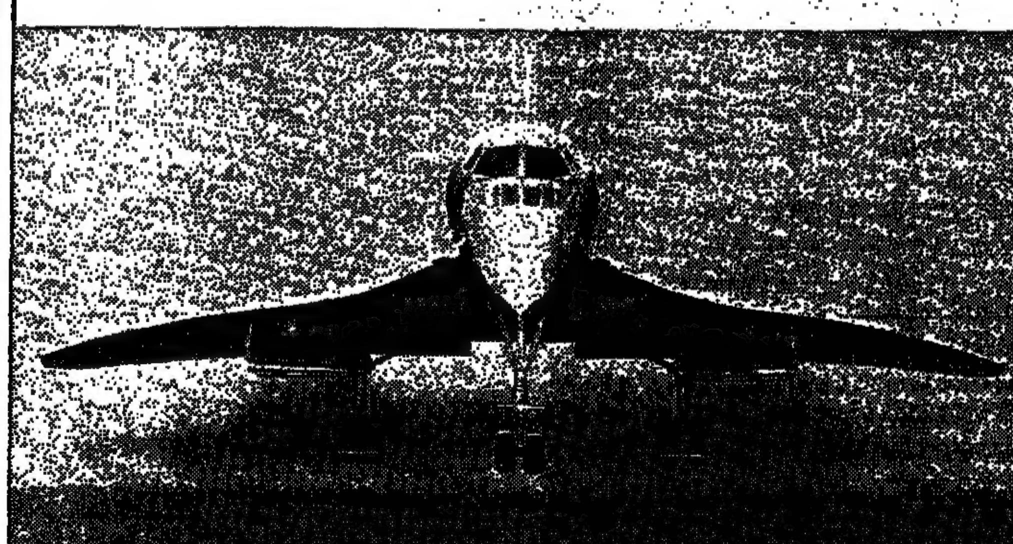
This has come on top of losses arising from the decline in the value of the dollar against sterling. It has been unofficially estimated that every 1 per cent fall in the value of the dollar wipes about £1m off the company's profits.

The disruption to engine production has been such that the company prefers to shut down rather than try to cope with the confusion caused by the dispute.

Already, some engine deliveries have been delayed.

The company believes it can recover its position in world markets quickly, especially with the Dash 535, which is not due into service until 1982-83, if the *dispute ends soon.*

But any long shutdown would quickly result in extended delivery dates, plus higher prices, which would force customers into the arms of the company's rivals, General Electric and Pratt and Whitney.



CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Assd. Fisheries	60	+ 4
Babcock Intnl.	131	+ 6
Bath and Portland	51	+ 7
Benn Brothers	77	+ 5
British Vita	139	+ 9
Camrex	46	+ 10
Fisher (J.)	202	+ 7
Attock Oil	178	+ 8
Oil Exploration	392	+ 12
Premier Oil	37	+ 2
Broken Hill South	170	+ 14
Minorco	235	+ 10
FALLS		
Treas. 10½pc 1999	£89⅞	− ⅞
AB Electronic	202	− 6
Averys	255	− 20
Booker McConnell	316	− 14
British Mohair	49	− 5
Combd. Eng. Stores	55	− 5
Corn Exchange	305	− 10
Crouch (D.)	160	− 10
Decca A	245	− 30
EMI	87	− 7
Extel	185	− 10
Mills and Allen	285	− 15
Norwest Holst	109	− 5
Parker Timber	228	− 4
Pearson (S.)	238	− 15
Racal Electronics	248	− 10
Saatchi and Saatchi	112	− 10
St. George's Launds.	23	− 8
Standard Chartered	483	− 10
Taverner Rutledge	43	− 7
Tube Investments	304	− 4
BP	1180	− 15
Burmah Oil	163	− 5
East Driefontein	652	− 41
RTZ	299	− 9

CONTENTS

For latest Share Index phone 01-246 8026

EUROPEAN NEWS

General strike threat to Spain

By Robert Graham in Madrid

Sr. Fernando Abril Martorell ... call to negotiate

SPAIN'S LARGEST trade union, the predominantly Communist-led Comisiones Obreras, is considering a general strike against the economic programme which the government put forward last month. It would be the first general strike in Spain since the October 1934 revolution.

The strike would follow a general campaign of anti-government agitation which is due to culminate in a mass rally in Madrid towards the middle of nextm onth.

Spain's second-largest union, the Socialist Union General de Trabajadores, has also taken a tough anti-government line, but plans to fight its battle issue by issue.

It has accused the Comisiones of agitating in favour of Spanish Communist Party strategy. The Union General's tactics include plans to present over 650 amendments to the Government's labour legislation when it goes before Parliament.

The Government seems to be taking the threat lightly. Sr. Fernando Abril Martorell, deputy Prime Minister in overall charge of the economy and the author of the economic programme, suggested yesterday in Barcelona that the unions would do beter by negotiating.

Negotiations including the main political parties, the unions, employers and the government are the Comisiones' eventual aim. However, if the union is thwarted, it is quite able to organise a general strike, even though it is likely to be desciplined and of limited duration.

Swedish party groupings neck-and-neck as poll nears

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S left-wing and non-Socialist parties are neck-and-neck in the run-up to Sunday's general election, according to the latest opinion poll. It gives the three non-Socialist parties a lead of 0.3 per cent over the Social Democrats and Communists.

The key to the outcome now rests with roughly 13 per cent of those polled who said they had not yet made up their minds. The pollsters believe most of these to be urban voters.

The poll which was taken early this week by SIFO, the Swedish Institute for Opinion Study, gave 48.4 per cent of the voters to the non-Socialist bloc and 48.1 per cent to the left-wing parties. In the previous poll taken at the beginning of the month, the left-wing group had a slightly larger lead.

The Moderate (Conservative) party of Mr. Gösta Bohman appears to be heading for the biggest election gain. Its poll rating, at 19.2 per cent, is 3.6 per cent higher than the vote it obtained in the 1976 election.

The Centre party, led by Mr. Thörbjorn Fälldin who headed the non-Socialist coalition formed after the 1976 victory, stands to lose as much as 6 per cent of its 1976 vote. Furthermore, with only 18.1 per cent of the electorate, according to the poll, it could fall behind the Moderates. However, in comparison with the previous September poll, the Centre party is making a recovery.

The Liberals, who have been running Sweden since October as a minority government under Mr. Ola Ullsten, continued their decline in the ratings. The 11.1 per cent they recorded would leave them almost exactly where they were in 1976. But it is possible they can win some of the uncommitted urban voters in the finish.

The new poll is disappointing for Mr. Olof Palme's Social Democrats who, despite a very well organised campaign, are forecast to fall back slightly from the 42.7 per cent they took in 1976. The left-wing total is boosted by a 0.9 per cent advance for the Communists who had a poll rating of 5.7 per cent.

In previous elections the actual result has varied only slightly from the last SIFO poll, although the institute wrongly predicted a narrow left-wing win in 1976. Another uncertain factor this time is the increase to 3.5 per cent in the number of people who say they will vote for one of the fringe parties which have no hope of getting into the Riksdag (Parliament).

The non-Socialists' chances appeared to be blemished on Wednesday when Centre and Liberal party spokesmen took exception to a remark by Mr. Bohman that talk of a joint Centre-Liberal economic policy was "stale rubbish." Mr. Bohman's attitude would make it impossible for him to join a new three-party coalition, said Mr. Nils Aasling, a member of the Centre party and a former Industry Minister.

Mr. Bohman toned down his remark later and accepted the economic programme tabled jointly by the other two parties as "a good foundation" for a non-Socialist government.

The Centre and Liberal parties' efforts to draw a line between themselves and the Moderates and to persuade voters that they would carry the greater weight in a coalition, have prevented the non-Socialists from presenting a united front.

Italy to finish early payment of IMF debt

By Paul Betts in Rome

ITALY IS to clear its remaining debt with the International Monetary Fund (IMF) by paying back in advance the last tranche of $350m of an oil facility the fund granted to Italy.

This was confirmed by Sig. Filippo Maria Pandolfi, the Treasury Minister, who returned yesterday after talks with the fund and U.S. monetary authorities in Washington.

The early repayment is in line with Italy's present monetary policy of paying back its loan commitments to international organisations made possible by its high net reserves, now amounting to morel han $30bn.

Sig. Pandolfi indicated that Italy's balance of payments current account surplus was expected to total about $5bn this year. Industrial output figures are also likely to be encouraging, largely as a result of the performance of small and medium-sized companies.

Increasing concern

Indeed, annual growth in Italy this year is expected to be about 4-4.5 per cent, compared with an average of barely 2 per cent during the past two years.

There is, however, increasing concern over the impact which the rise in oil prices and the growing deterioration in the terms of trade will have on next year's performance.

Retail price inflation is accelerating. It is now running at an annual rate of 15-16 per cent. A sharp reduction in the growth rate next year is also expected, possibly into line with last year's levels of about 2 per cent.

The economy is particularly vulnerable to the recent rise in oil prices, since imported oil supplies 75 per cent of Italy's energy.

According to Sig. Gaetano Stammati, the Foreign Trade Minister, the trade balance is coming under pressure from the extra cost of oil, while the lira's link with the European Monetary System has eroded export competitivity.

Italy's trade deficit in the first half of this year increased by about L1,000bn (£545m) from the same period last year, largely because of oil prices. The cost of oil will rise even further during the next 12 months, and will cost an estimated L4,500bn more.

In the first half of the year the trade deficit totalled L1,335bn. The reflected a deficit of L3,871bn from oil imports, and a L2,48?bn surplus from other products.

Energy saving

The new minority Government of Sig. Francesco Cossiga is attempting to introduce an economic pacakage to tackle the immediate economic problems. It will include energy saving measures which the Cabinet is expected to consider at a meeting today.

The fragile Government, which resulted from a political compromise last month to end Italy's longest government cisis since the war, is coming under pressure from the union, which staged a general strike in the public sector yesterday.

The strike, which brought most of Italy's public services to a standstill, is part of a wider campaign by public sector workers, who are demanding modifications to the application of Italy's highly inflationary wage indexation system.

ENCOURAGING FIGURES FOR FIRST-HALF

Germany on target for 4% growth

BY ROGER BOYES IN BONN

WEST GERMANY'S gross national product grew by 4.3 per cent in the first six months of this year compared with the same period in 1978. This is a clear indication that Bonn could well meet its four per cent growth target this year despite the constraints of higher oil prices and tighter interest rates.

The Federal Statistics Office said the growth was based on a 3.2 per cent rise in productivity in the first half and a 1.1 per cent increase in the average number of employed people. Investment was also particularly high during the first half.

Last year, West German GNP grew by 3.4 per cent (0.1 per cent below target) after a sharp acceleration in the second half of 1978. The 4.3 per cent growth in the first half of this year shows a continuation of the trend begun in the last portion of 1978.

The Organisation for Economic Co-operation and Development (OECD) estimated recently that the latest oil price rises would reduce West Germany's rate of real growth by around half a percentage point. But even allowing for a flattening-out effect in the second half, Economics Ministry officials seem confident that a growth target of 4 per cent will be reached.

The real impact on growth of the oil price rise will be felt in 1980. Herr Otmar Emminger, the Bundesbank president, has stated that growth might be 3-3.5 per cent instead of the 3.5-4 per cent forecast for 1980.

Meanwhile, West German industrialists are reckoning with a sharp slowdown in growth next year because of slackening demand both at home and abroad, according to a report released yesterday by the IFO economic research institute.

The Munich-based organisation questioned 350 concerns about anticipated turnover, employment and investment during 1980 and seems to have uncovered a rich vein of pessimism. Most industrialists have adjusted their plans to accord with a generally gloomier view of the domestic and foreign economic outlook following the oil crisis.

While industrialists think the favourable business climate will endure this year—with the oil price rises only making a major impact on disposable income towards the end—turnover growth is expected to drop by 5 per cent in 1980 from an anticipated 10 per cent this year.

They also believe that production growth will drop by 2.5 per cent and do not see any significant increase in their workforces. Investment will continue to grow at a high rate during 1979-80 but will still fall short of the 1978-79 rate.

The plans represented by IFO are based on a number of premises about the development of foreign business. Businessmen are expecting a recession in the U.S. next year, believe that oil costs will damp down demand in Western Europe and Japan, and calculate that demand from the OPEC countries will not rise sufficiently to compensate for shortfalls elsewhere.

Communists accused by Patronat of seeking labour clash

BY DAVID WHITE IN PARIS

M. FRANÇOIS CEYRAC, head of the Patronat, the French employers' body, yesterday accused the Communists of trying to steal a march on other political and union groups, in order to organise a labour clash this autumn.

M. Georges Marchais, the Communist Party leader, and M. Georges Séguy, Communist head of the CGT, France's biggest union, had set out to monopolise the stage and to block any chance of a national consensus, he claimed.

But he believed workers would not fall into line, and no widespread unrest would occur this month or next.

M. Ceyrac's comments came on the eve of a potentially important meeting between M. Séguy and the leading non-Communist union chief, M. Edmond Maire, of the CFDT.

M. Séguy's union has refused the idea of a national consensus, which it says would mean implicit approval of the policies followed by the Government and employers.

The meeting, to explore possible areas for joint action, takes place against a background of mutual suspicion between the two union leaders.

The CGT and CFDT railwaymen's branches are at present on a two-and-a-half-day strike, cutting main line and suburban services by about 60 per cent.

Parallel to the CGT-CFDT encounter, a meeting between Communist and Socialist Party leaders is being prepared for next Thursday. The meeting comes in response to M. Francois Mitterrand's appeal for joint action and progressive revival of the ill-fated Union of the Left.

The Communists, however,

M. Georges Séguy ... no consensus

are intent on building up their own support, before embarking on another electoral alliance.

M. Ceyrac said the employers' federation was proposing to negotiate wage increases for the lowest-paid, taking each occupation separately.

This was better than a large all-round increase in the guaranteed minimum wage. The CFDT has demanded an increase of about 25 per cent to FFr 2,700 (£285) a month.

● The number of unemployed in France moved slightly over 1.4m last month under the impact of school-leavers coming on to the labour market. Seasonally corrected, the increase marks a 0.2 per cent rise since July. However, unemployment has risen by 12.4 per cent since the same month last year.

Portugal curbs credit cards

BY OUR LISBON CORRESPONDENT

THE PORTUGUESE Government has issued a decree law to tighter control on the credit card market, to prevent abuses, and close possible loopholes in the already tight exchange-control regulations.

The law will affect the operation of American Express, Diner's Club and Carte Blanche in Portugal, if they fail to conclude contracts for local representation within the next two months.

The decree gives Unicre, a company whose shareholders are six main local banks, the right to issue a card to Portuguese citizens, valid only inside the country. It also authorises Unicre, which is associated with the Interbank credit card operation, to negotiate representation rights with American Express, Diner's Club and Carte Blanche.

Sr. Sebastiao de Lancastre, managing director of Unicre, said talks were already underway with Diner's Club, and were expected to start with the other two organisations soon.

Although—not explicitly stated, the Government's intention seems to be to prevent these cards from operating here if they do not reach agreement with Unicre inside the time-limit.

The reorganisation of the credit card system will not affect the operations of Visa, the other major international bankcard, which is represented here by Pinto Sottomayor, Portugal's biggest bank.

Etna blast death toll rises to 9

By Our Rome Staff

THE DEATH TOLL from the explosion of a crater on Mount Etna, Europe's largest and most active volcano, has now risen to nine. A further 21 people are in nearby hospitals, some in a critical condition.

The disaster, the worst caused by the 10,900-feet volcano in recent times, has already provoked a controversy over safety precautions.

The summit of Etna was closed to tourists immediately after Wednesday evening's explosion, but it is being argued that this measure should have been taken much earlier.

Professor Giovanni Nappi of Urbino University, said last night that the tragedy could have been prevented, and that the August eruption — the strongest for 20 years — was a clear sign that Etna had entered a new active phase.

This week's explosion came with no warning, being caused by pent-up gases inside a new crater formed by last month's eruption. Survivors spoke of a "muffled, thunderous boom" followed by a blast of boulders and stones which showered down upon the victims.

Experts suggest that if a genuine eruption had taken place, the disaster could have been far worse as about 200 tourists were near the centre crater at the time.

Professor Nappi urged the civilian authorities to follow the example of Japan, where 55 volcanoes are active.

Hopes rise for agreement on Lome pact follow-up

BRUSSELS—Ministers from 57 developing countries were told yesterday that here are now good prospects of solving the problems that have prevented them agreeing to a Common Market aid offer.

They were meeting here to work out their response to the European Community's offer, worth $7.8bn, during the five-year life of a new trade and aid pact, which will succeed the Lome Convention next March.

An official of the African Caribbean and Pacific (ACP) group of countries said Mr. Bernard St. John, Deputy Premier of Barbados and President of the ACP Ministerial Council told his colleagues that there were prospects of clearing up some of the outstanding problems.

The ACP countries had 18 points on which they hoped for progress. These include dissatisfaction with the size of the aid package and disagreement about the protection to be afforded to EEC investments in ACP countries.

They also want an assurance that ACP exports will continue to have the same unconditional privileged access to markets in French Overseas Departments as they did under the Lome Pact.

The Community had proposed to grant this on condition that the development needs of Reunion, French Guiana, Martinique and Guadeloupe were taken into account.

The ACP Ministers, who are expected to finish their meeting today, must agree on how to settle these problems before finally accepting the EEC's proposals, he said.

Reuter

Greenland opposes Danish plan to mine uranium

BY HILARY BARNES IN COPENHAGEN

GREENLAND'S ruling Siumut Party opposes any decision at this stage to exploit uranium deposits in the south-west of the country, Mr. Jonathan Motzfeldt, Prime Minister and party chairman, said shortly before a meeting of the joint Danish-Greenland Raw Materials Commission.

The environmental aspects of a decision to mine the ore needed further investigation, added Mr. Motzfeldt, whose Government is the first since Greenland obtained home rule in May.

The Greenland deposit has an estimated 43,000 tonnes of uranium. The Danish Atomic Energy Authority is engaged in an experimental project to mine and refine 5,000 tonnes of ore, but no decision to mine the rest is expected until the project is completed in 1982 or 1983.

Greenlanders fear that the veto right, which the Home Rule Act gives them over questions of raw material exploitation, may be over-ridden if they do not make their views clear now.

Rupert Cornwell in Milan explains how the city is taking over as the fashion world's capital

Michelangelo styling at Hong Kong prices

THE ASPIRING young fashion designer seeking to make a name in Europe today is as likely to pick Milan as Paris for a base.

Last month the French Government declared war on imports of Italian knitwear, in defiance of EEC rules.

This year Italy's trade surplus on textiles and clothing will probably almost cover the country's deficit on imported oil.

These are just three aspects of a success story which amounts to a latter-day economic miracle, and which has led some competitors, notably France, to regard Italian textiles and clothing with the same hostility as Japanese cars and cameras.

The growing dominance of the Italian industry is about to take its most obvious, and elegant, form with the opening this month of the new collections for next spring and summer: menswear in Florence; women's ready-to-wear in Milan, Paris and New York.

"Michelangelo styling at Hong Kong prices" is how one grudging foreign admirer puts it and the phrase encapsulates that happy coincidence of a renewed burst of creativity with the Italian ability to produce efficiently at extremely competitive prices.

That last statement may baffle anyone contemplating spending £200 or more on a suit or a nice little dress from top fashion houses such as Basile or Missoni. However, as a percentage of total Italian output and exports these high fashion names count for little.

What matters is the bread and butter of production which appears in stores and high street boutiques across Europe and beyond.

But it would be foolish to underrate the ripples created by Italy's new prestige at the top end of the market. Designers like Armani, Fiorucci and Versace have turned Milan into a centre to rival even Paris, and at the same time enhanced the appeal of the "Made in Italy" label all over the world—unquestionably making the job of the Italian salesman easier.

For a long time French fashion houses have turned to Italy, with its better raw materials and superior workmanship, to produce their wares. Saint Laurent knitwear is manufactured near Venice, and Ungaro is another which carries out production in Italy.

Balmain and Cardin ties have the same origin; indeed Como on the Swiss border has utterly displaced Lyons as the centre of the European silk industry and Italy today imports "prodigious" quantities of raw silk from China, according to Sig. Adriano Benvenuto, a director of the clothing Industry Association.

Other centres—exclusively in the north until recently, but now spreading as far as Bari in the south—cater for particular fabrics: Biella, in Piedmont, for woollens; Carpi near Modena for pullovers and knitwear; and Castel Goffredo near Mantua for stockings and tights.

Taken together the myriad of large, not-so-large and downright tiny companies that cover the textiles and clothing sector provided Italy with a surplus of L3,375 bn (£1.85 bn) on its foreign trade in textiles and clothings in the first six months of 1979 compared with L2,514bn (£1.38 bn) in the same period of 1978.

Compared with a year earlier, the growth in shipments ranges from 31 per cent for knitwear and pullovers (the centre of the recent row with France) to as much as 50 per cent for other categories.

Without doubt the vitality of the entire sector goes a long way to explain the stability of Italy's foreign trade accounts in a period of increasing domestic growth.

Without doubt the vitality of the entire sector goes a long way to explain the stability of Italy's foreign trade accounts in a period of increasing domestic growth—enough in the past to send the country into the red. But it also reflects a number of other facets of the grass-roots economy not always so appreciated by foreigners.

They have been tartly summed up by M. Maurice Schumann, former Gaullist Foreign Minister, and public enemy number one of Italy's textile manufacturers. His constant pressure was a large factor in the French Government's move to place administrative obstacles in the way of imports to stem the flood from Italy.

The "pullover war," is the distinguished successor to previous Franco—Italian summer spectaculars, such as the "wine war" and the "shoe war." As usual it has as much to do with French internal politics as purely commercial considerations but it also raises, like its predecessors, the vexed issue of unfair Italian competition, and the even more vexed issue of the famous "submerged" economy.

In May M. Schumann told the French National Assembly, that the textile sector in Italy employs 300,000 clandestine workers, allowing cheap labour and prices as low or lower than those of Hong Kong or Macao. Castel Goffredo alone had 7,500 people working undeclared in the manufacture of tights, he said.

His figures have been angrily contested here, but, unquestionably, "black labour" is widely to be found. In Prato, the textile town near Florence where the submerged economy is virtually official, the average number of employees per productive unit is an almost unbelievable 1.5. The 180,000 workers in the pullover and knitwear sector are spread among 17,500 enterprises.

In Italy above all small is beautiful, but, luckily for the Italians, it is by the very nature of things hard to establish where cottage industry becomes black labour.

According to Sig. Paolo Lombardi, a director of the Knitwear Federation, the average turnover of a company in his sector is around L1.5bn (£800,000). This small-scale of operation provides flexibility to meet a typical foreign order for, say, a run of 80 or 100 sweaters of a particular design.

In other areas, however, the antheap of tiny productive units is a mixed blessing: costs may be lower, but quality control becomes much harder, with the ensuing risk that Italy might lose the reputation for fine workmanship on which its current success largely rests. A similar argument applies to investment in sophisticated machinery, for which economies of scale are essential.

Apart from the unquantifiable element of styling and design, the success of the "Italian look" abroad rests upon a paradox, in that it is a virtue born of necessity—a domestic market stagnant since about 1970. Hence, the confusing experience of reading articles side-by-side in the Italian Press lamenting the crisis of the industry, and extolling fabulous export triumphs.

At home, the manufacturers have had to contend with the trend to cheaper, more informal, clothing, as people avoided sacrifices on food and holidays and cars. This in turn has produced a surge in imports from places like Romania and the Far East, while state intervention to aid weak companies has, according to Sig. Benvenuto, made life more difficult for viable concerns.

For an industry employing 1m people, it was literally a case of export or die. Since 1970, 25 per cent or 30 per cent of clothing output goes abroad, worth L1,311bn (£690m) in 1978. Italy now accounts for 60 per cent of total EEC knitwear production, and half of this is sold abroad. But "black" production, the industry claims, goes mainly to the domestic market.

If the short-term prospects are still good, the danger signs are multiplying. The natural cycle of the industry would indicate a trough soon, while it remains to be seen if foreign buyers will put up with likely price increases.

For this winter's range, the rise was held to 10-12 per cent. But the spring and summer collections, by the time they reach the retailer, could be 20-25 per cent up over a year. Raw material costs, a new labour contract, and a strong lira, now locked into the European monetary system might all conspire to make "Made in Italy" less appealing.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York N.Y. and at additional mailing centres.

Guarded reaction to Carter on home heating oil

BY STEWART FLEMING IN NEW YORK

MAJOR U.S. oil companies were *yesterday considering how to* respond to President Carter's public request that they freeze prices on domestic heating oil this winter.

The President revealed on Wednesday that he had written to 27 of the largest U.S. oil companies asking them to hold heating oil prices for the rest of the year.

The price of oil is threatening to become a damaging political liability for the President, particularly in the north-east of the country, where winter fuel bills are heaviest. So far this year the price of domestic fuel oil has risen 60 per cent to around 80 cents a gallon.

The president's problem is intensified by the early Democratic Primary elections in New England, where Senator Edward Kennedy has strong local support.

One company said yesterday that supplies of heating oil were now adequate and that following recent price rises, some oil companies would be happy to hold prices this year. There could even be some easing of price in response to competitive pressures.

The companies also have to take into account the ever-*present threat that the Administration* could re-impose price controls on heating oil products.

The companies will certainly be unwilling to make a binding committment to hold prices, and may not be in any hurry *to help Mr. Carter either.* In recent months some of his comments have angered senior oil industry executives.

Earlier in the week, Mr. John E. Swearingen, chief executive of the Standard Oil Company (Indiana), one of the nation's largest, was reported to have said in Bucharest, Romania, that "a bunch of amateurs" in the Carter Administration were threatening petroleum supplies with policies aimed at winning *votes in the 1980 elections.*

Earlier this week it emerged that the White House was modifying some of its energy proposals. In a meeting with the Senate Energy Committee, President Carter said he would agree to a slower introduction of new plants to make synthetic crude oil, and would withdraw a proposal that some plants should be built and operated by the planned Energy Security Corporation.

House defeat for draft registration proposal

BY NANCY DUNNE IN WASHINGTON

A BILL to require the registration of 18-year-olds with all but defunct U.S. military selective service system has been defeated by a vote of 252-163 in the House of Representatives.

At the end of an often emotional day-long debate, the House agreed to require the President to submit a report in January on the needs and methods for military draft registration. However, the rejection vote apparently dooms any pro-draft measure during this congressional term.

Registration for the draft was abandoned in 1972 and the all-volunteer force began in 1973.

Conservatives, like Mr. Robin L. Beard, a Tennessee Republican, insisted that the all-volunteer army, with its consistent monthly shortfall in recruits, was falling dangerously. Mr. Beard charged the Pentagon with operating "one of the biggest coverups." to hide this from Congress and the public.

Opponents of registration, many of whom are younger members who served in Vietnam or protested against the war, fear that approval of registration will ultimately lead to a resumption of the draft.

Two die as hurricane reaches Alabama

TWO PEOPLE were killed when Hurrican Frederic slammed into the south-eastern areas of the U.S. and moved inland, generating tornadoes and the threat of floods from torrential rain despite losing some of its force, agencies report.

Frederic's howling 130 mph winds struck the coast at Pascagoula, Mississippi. By yesterday morning, the eye of the storm was over Meridian, in the north-east of the state, and was expected to reach northern Alabama last night.

In Mobile, Alabama, a four-year-old boy and an 84-year-old woman were killed. Five inches or more of rain were reported in places from north-*western Florida to Louisiana.*

About 15,000 of Mobile's residents took refuge in shelters before the storm reached its height. Water swirled curb-deep in the city's streets.

***While no incidents of loot-*ing had been reported, armed national guardsmen and state troopers were sent into the area and mayor A. J. Cooper of Pritchard, a Mobile, suburb, told his officers to *fire two warning shots at* looters, then "shoot to kill."**

Two weeks ago eastern Florida was battered by Hurricane David, which devastated several Caribben islands. Frederic, is widely *expected to be the most lethal* in a decade on the U.S. Gulf of Mexico coast.

Much of the same coast was devastated 10 years ago by Hurrican Camilie, whose 190-mile-an-hour winds and 20-foot storm tides left 149 people dead.

Argentina decrees missing persons law

ARGENTINA's military regime, ignoring objections by foreign governments and the Vatican, has decreed a law that enables judges to declare missing political suspects dead without an official explanation of what happened to them, AP reports from Buenos Aires. The law allows judges to issue death certificates at the Government's request, even over objections by the missing person's family.

William Chislett reports on a possible threat to President Guzman

Disaster brings the military out of barracks

HURRICANE DAVID, which shattered the Dominican Republic's economy, has brought the country's army, linchpin of the system until democracy was restored last year, out of their barracks and back to a more active role.

The army is patrolling the litter-strewn streets of the capital as well as helping in rescue *operations* in rural areas cut off by flooding, aiding food distribution and maintaining the curfew. It also has a vital role to play in the next months, when political and social pressures intensify, and this could make life difficult for President Antonio Guzman.

If the country's military interventionists, the backbone of a dictatorship which effectively lasted for 1930 until last year, had had their way, the Dominican Revolutionary Party would not have won last year's elections.

The top brass tried to overturn Sr. Guzman's democratic victory against Sr. Joaquin Balaguer's so-called Reformist Party. But strong U.S. pressure to see that the popular will was respected and a courageous stance by election officials who refused to falsify results forced the military to back down.

Sr. Guzman then quickly reshuffled the military hierarchy, forcing the ringleaders to resign their commands or accept exile in the form of a diplomatic posting. The streets erupted with joy at his boldness.

Sr. Guzman replaced the interventionists with younger, more professional officers, and, in the last year, the military's presence and political influence has been less noticeable.

Soldiers at the Democratic Revolutionary Party HQ during the disputed 1978 elections

"Now you don't see so many generals driving around in big cars with bodyguards and their sons brandishing pistols in smart discotheques," said a senior Government official.

The military reappearance, perfectly natural given the scale of the disaster as they are the country's only disciplined body, coupled with infighting within the ruling party and the President's inability to control it is bound to produce some testing situations.

A general is heading the country's civil defence committee, set up to coordinate the disaster programme. Already, the U.S. embassy is investigating accusations that some high-ranking officers are involved in selling, not giving emergency supplies to the neediest. This smacks of the old days when the top brass enjoyed a luxurious lifestyle and were involved in most activities where there was easy money to be made.

Outside the Revolutionary Party's tatty headquarters near the presidential palace is a picture of a soldier, rifle over his back and arm around a straw-hatted peasant, walking towards the sun on the *horizon.* The picture is meant to symbolise the party's desire to bridge the gulf between the people and the army.

It is an apt image. This week, the many who eke out an existence in the countryside growing bananas or working in the sugar plantations started to salvage what they can of the ruined agricultural sector.

No-one close to the Government believes that the military *will* try to take advantage of the situation to win back their privileged position. There is however a danger that if law and order breaks down, the army may see fit to step up their role.

The other fear is that if the ruling party's personality squabbles and bickering do not stop and are seen to affect the running of the country, the president would lay himself open to charges of incompetence.

Symptons of a breakdown in law and order are present. The poor took a severe beating in the hurricane, their thatched homes being blown away while the solidly built homes or the middle class remained standing.

The havoc wrought on agriculture, the main employer, will soon be felt and the lack of food will produce discontent.

The country's military, as in all Latin-American countries, is still trigger happy when confronted with demonstrations. A month ago, eight workers were killed when troops opened fire on a crowd protesting at petrol price increases.

The incident highlighted the President's alarming failure to read the popular mood. The same day, he lunched with generals — an event displayed in the newly liberated Press and no comment was needed.

The President was quick when he took office to show that he would not be pushed around by the army. His ability to ensure that they stick to their constitutional role during the present crisis will be indicative of *whether the military's influence* really has been lessened.

Peruvian Government faces challenge from strikers

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

SPORADIC STREET clashes between strikers and riot police, the occupation of several embassies and a hunger strike by *more than 50 Left-wing* leaders continued in the Peruvian capital this week. The Government of Gen. Francisco Morales Bermudez is also locked in battle with the main teachers' union, which has been on strike since June 4.

The stoppage, the biggest political challenge to Gen. Morales Bermudez this year, is in protest against the Government austerity programme and inflation, which has cut the real wage levels of some workers by two-thirds since 1975. General retail sales in Peru were down 21.7 per cent in the first half of this year and food sales dropped 22.9 per cent.

The Swedish embassy and the offices of the Organisation of American States are occupied by striking members of the Maoist-led Sutep, whose members have also invaded the British, Mexican, French and Cuban embassies and the Papal Nunciature for periods over the past three months. Among the squatters in the Swedish embassy is the son of Sr. Carlos Garcia Bedoya, the Foreign Minister.

The strike, by one of the largest unions in the country, has been collapsing, particularly in the capital, but tens of thousands of provincial teachers are still out. Rioting connected *with* the strike has already claimed three lives.

The stoppage has led to a momentary show of unity by the splintered Left. Sr. Jorte del Prado, leader of the Moscow line Peruvian Communist Party, is among several dozen leaders on hunger strike in the San Marcos university, while Sr. Hugo Blanco, the Trotskyite leader, is fasting at the Catholic university.

Supporters are worried about the health of Sr. Del Prado, who is 69.

Despite widespread popular sympathy for the strikers, the Government seems set on a fight to the finish. The Maoist Sutep leadership is not relaxing its wage claims, and demands for a closed shop in the state school sector.

Meanwhile, the Government has hailed the signature in New York on Wednesday of a \$388.6m loan to the state oil company Petro Peru, led by Chase Manhattan, as signifying a new confidence by foreign bankers in the country. The loan is for five years at 1$\frac{5}{8}$ per cent over London inter-bank offered rate. Petro Peru, whose output has risen steeply this year, has been selling oil at up to \$33 a barrel.

Gen. Morales Bermudez

Israelis seize 6,000 acres of West Bank land

BY DAVID LENNON IN TEL AVIV

ISRAEL HAS *seized* nearly 6,000 acres of land on the occupied West Bank in the past few days. Some land has been earmarked for Jewish settlements, while other areas are designated for military purposes.

These actions have reinforced the conviction of West Bank Palestinians that Israel has no intention of giving up control of the territory, despite the current negotiations on autonomy for the West Bank and Gaza Strip.

A number of appeals by Arab farmers are pending in the High Court against earlier expropriations of land, and more appeals can be expected to follow the latest land seizures.

On Tuesday this week the Israeli military Government fenced off 3,750 acres of land at the village of Deir Istya, near Nablus. The authorities said that it would be used as an army training area.

Many times in the past, part or all of land taken allegedly for military purposes has later been transferred to Jewish settlers.

Also seized recently were 1,750 *acres belonging to the* village of Anata, near Jerusalem. A new Jewish settlement will be built on the *land, and the Palestinian* farmers have appealed against this in the High Court.

In two other recent instances, the military authorities seized over 250 acres of land from West Bank villages. One section will be used for part of a road linking the new Jewish settlements and the other, the authorities say, will be used for a military installation.

The Israeli High Court yesterday resumed its hearing of an appeal by Arab farmers against expropriation of their land for the controversial Eilon Moreh *Jewish settlement* next to Nablus.

The court rejected the settlers' submission that Jordan, from which Israel captured the West Bank in 1967, had no legal status in the territory and that, therefore, they were entitled to take the land, which was a part of the biblical Land of Israel. The hearing continues.

● There are *unconfirmed* reports that two West Germans, sentenced this week to 10 years' imprisonment for plotting to shoot down an Israeli airliner, will be deported to Germany in 15 months' time. When released they would have been in detention in Israeli prisons for five years.

Iran moves closer to theocratic rule

TEHRAN — Iran has moved nearer to a Government of theologians, with the approval of a constitutional clause giving *supreme power to a religious* leader.

The clause paved the way for Ayatollah Ruhollah Khomeini's formal nomination as leader of a theocratic state.

It said the supreme leader would act as guardian of the nation's affairs in the absence of the Shia sect's 12th Imam, who disappeared 1,100 years ago and who Shiites believe will one day return.

The clause, approved yesterday by the overwhelming majority of the clergy-dominated Council of Constitutional experts, read:

"In the absence of the Imam Zaman (12th Imam), guardianship of the affairs and leadership of the nation rests in the hands of the honest, efficient and aware (Islamic) theologian, whose leadership has been accepted and recognised by the *majority of the people.*"

If such a theologian were not available, a council of Islamic legal experts would take over his functions, the clause said.

The clause is linked to the Shiite concept of Velayate Faghih (Government of Theologians) expounded in lectures by Ayatollah Khomeini during his 16 years of exile.

It has been introduced into Iran's draft charter since the Council of Experts began its *work last month.*

Although Ayatollah Khomeini is universally recognised as Iran's supreme leader, with powers to direct the provisional Government and the armed forces, he has no constitutional *role.* Reuter

Vietnamese exodus slows down

By Brij Khindaria in Geneva

THE EXODUS of refugees from Vietnam to China and South-East Asian countries has slowed down since the Hanoi regime promised western Governments a clampdown on illegal departures at a Geneva conference last July.

An official from the office of the UN High Commissioner for Refugees said the number of people who fled Vietnam in August was *less than 10,000* compared with 27,000 in July and many more earlier this year.

But a special scheme to allow legal departures in an orderly manner has not yet produced significant results. Only about 800 people have left Vietnam legally by air from domestic airports for destinations in Europe, Latin America and the U.S. The latest flight took place on Tuesday.

Red tape

The "orderly departures" scheme has run into red tape *in Vietnam and receiving* countries. The Vietnamese draw up lists of people permitted to leave legally, who have then to be cleared by receiving countries in line with usual criteria, such as connections the prospective leavers might have in the nations of their choice, including close relatives, appropriate *skills, and* educational qualifications.

Vietnam seems keen to persuade the West that it can be trusted to honour its pledges and has taken vigorous measures to control the number of illegal departures by sea. Many leavers, however, allege they were encouraged to quit Vietnam and put on boats in return for payment.

Developing countries, such as those in Latin America, who agreed to accept refugees from Vietnam, are demanding the creation of a special fund to pay for the resettlement. The feasibility of this is being studied and the High Commission's executive committee may make its recommendations early next month. The U.S. is reported to have offered to contribute at least $20m to the fund.

China resettlement

The Chinese Government has agreed to allow nearly 250,000 refugees from Vietnam to settle on its territory. Most of them are Vietnamese of *Chinese origin who wish to* remain in China. The High Commissioner will arrange to pay part of the resettlement costs.

Most refugees in China are skilled and semi-skilled workers or have professional qualifications, and the Chinese fear their presence will put *further pressure on their* overburdened jobs market.

High Commission officials see resettlement in China or within the South-East Asian regions as a good solution, as it alleviates the likely cultural *shock to refugees when they* arrive in western countries.

On August 31 the total number of Indo-Chinese refugees and displaced people in South-East Asia stood at 351,928, including 172,805 in Thailand, 66,106 in Hong Kong, 55,975 in Malaysia, 45,708 in Indonesia, 5,652 in the Philippines, 3,365 in Macao, and 966 in Japan.

In August, 20,544 people were sent for resettlement in their countries of adoption, with the result that for the first time since the exodus began from Vietnam, more people left than arrived in the refugee camps.

The High Commission received about $800,000 worth of contributions in cash and in food and medical equipment from Austria, Australia, Spain and Denmark last month to aid the refugees from Vietnam.

Troops break up Chinese protest

BY JOHN HOFFMANN IN PEKING

Scuffles broke out at a rally in Peking's central Tienanmen Square yesterday as soldiers surrounded and tried to prevent a man from distributing political pamphlets.

One pamphleteer was arrested on the spot after the trouble during a discussion on political trends in China *attended by more than 1,000* people. A second activist is understood to have been arrested later.

In the melee, hundreds of pamphlets were tossed into the air, and the crowd scrambled for copies.

The rally was held by a *previously* unknown group calling itself the Chinese Association for the Study of Scientific and Democratic Socialism. *Demonstrators* have not gathered in large numbers in Tienanmen *Square* since a clampdown in April.

A speaker at a rally later in the day condemned the arrests, claiming that freedom of association and speech were guaranteed under the Chinese *constitution.* He said he was prepared to go to jail in defence of the people's right to complain.

The meeting was supposedly called to examine the trends in Chinese socialism, to make a realistic assessment of the achievements of Mao Tse-tung, the former Chinese Communist Party Chairman, and to question the treatment of demonstrators engaged in a month-long "sit-in" near Communist Party headquarters in Peking.

Three speakers, none of whom announced their names, told an orderly crowd that no Chinese leaders had agreed to interview the demonstrators, many of whom had come from remote parts of China.

"We are sure *that* the leaders know about the problems, but they do nothing," one said. In fact, just six days earlier, the Central Committee and State Council promised to send representatives to *the* provinces to help solve the demonstrators' problems.

They claimed *that Mao Tse-tung* had made serious errors in the years following 1962, that the cultural revolution had been a failure causing great loss, and that political democracy and human rights were essential to China's modernisation. Police made no attempt to interrupt this *later meeting.*

Peking pragmatists seeking to strengthen moderate policies

BY COLINA MACDOUGALL

YESTERDAY'S *demonstration* in Peking indicates the continuing existence of a vocal minority which wants to see political issues openly discussed. It also shows the steady extension of power in recent weeks of the *pragmatists in the leadership* who favour freer expression of views.

This group, led by Mr. Deng Xiaoping, the Vice-Premier, received a sharp setback last spring, when political disturbances and over-ambitious economic plans gave its opponents, the surviving associates of Chairman Mao in the Politburo, the *opportunity to* attack, and ban demonstrations of the type seen yesterday.

Since the National People's Congress last June, the pragmatists have clearly been in the ascendant again. At that meeting *they were able to reinforce their* moderate leadership with rehabilitated economic officials of the 1950s, and promulgate bold new plans.

Although yesterday's demonstration was the first of its kind since last winter, an increasing number of posters have been put *up in the past six weeks*—some attacking Left-wingers on the Politburo—which were not torn down by officials.

It also followed reports that dissidents taken into custody earlier this year might be released, *in line with the new* legal code to be introduced next January. This code is intended to prevent arbitrary arrest.

Besides allowing more freedom of speech to this small minority, Peking is also attempting to redress the grievances of the much more numerous, and potentially more explosive, group of petitioners to the capital, mainly peasants and unemployed youth who had returned from the countryside.

However, opposition to the pragmatists has also become *clearer since* the congress. Frequent provincial references in recent weeks to such phenomena as "ultra Leftists," "dangerous opposition" and "going over to the other side," plus reports of serious disturbances and the protection of evil-doers by cultural revolution beneficiaries, suggest that the radical Left in Peking and elsewhere still retains some power.

But the growing influence of the pragmatists at the centre suggests that China's forthcoming foreign policy initiatives—such as the talks later this month with the Soviet Union and Chairman *Hua Guofeng's* October trip to Western Europe—may be handled with greater flexibility than would otherwise have been expected.

Deng Xiaoping

Ethiopia in move to end army power

By James Buxton

ETHIOPIA YESTERDAY took the first step towards establishing a single political party which would mean a formal transfer of power from the armed forces.

At celebrations in Addis Ababa marking *the army's take-over* five years ago from Emperor Haile Selassie, Col. Mengistu Haile Mariam, chairman of the Provisional Military Administrative Council or Derg, said that a commission to organise a workers' party was to be set up. He said the commission would soon start work, but *gave no date for the completion* of its work.

The celebrations were attended by Mr. Alexei Kosygin, the Soviet Prime Minister.

The formation of a party would institutionalise the grip of Moscow oriented Marxist-Leninist ideology over Ethiopia and create a muscle of ideologically committed, organised groups through the country.

New Zealand in liquid fuels plan

By Our Foreign Staff

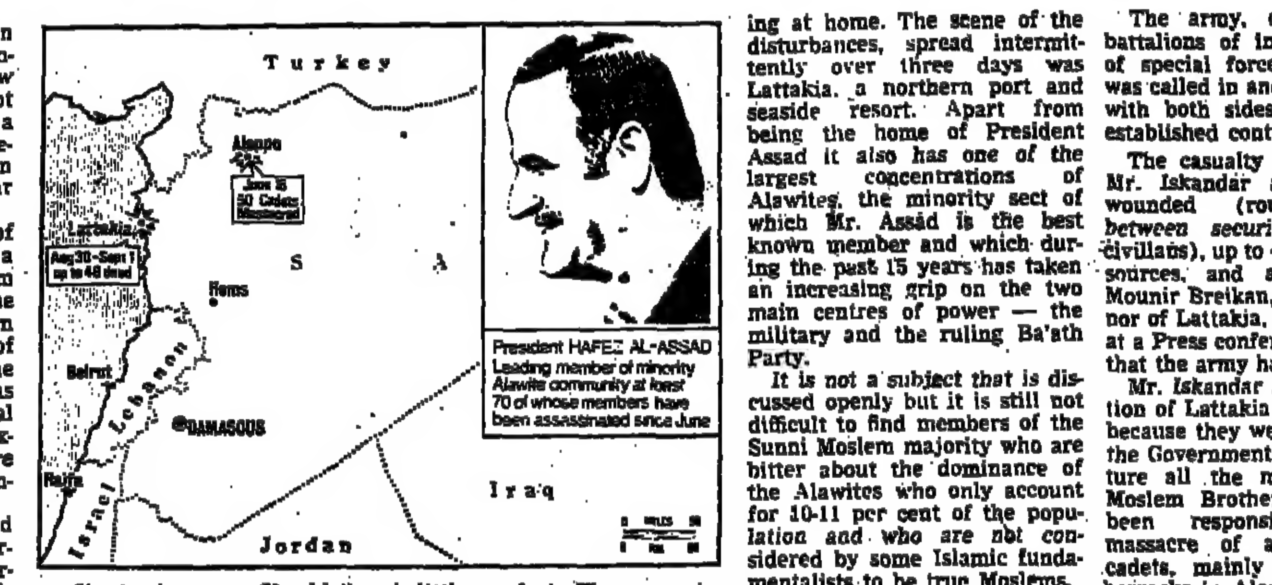
NEW ZEALAND plans to become 50 per cent self-sufficient in liquid fuels by 1987 by means of a heavy investment plan.

Mr. William Birch, the Energy Minister, said in Wellington yesterday, that the Government would invest NZ$200m (£100m) in a methanol plant and up to NZ$600m in synthetic fuel plants.

It will also expand the Marsden oil refinery at a cost of NZ$350m.

Roger Matthews in Damascus reports on a new menace to Middle East stability

Sectarian strife threatens Syrian leadership



President HAFEZ AL-ASSAD
Leading member of minority Alawite community at least 70 of whose members have been assassinated since June

THE PACE, extent and reaction to terrorism in Syria has increased sharply in the *past few* months. It was therefore not surprising when a week ago a *young* man appeared on television to admit that he had been planning to provoke a civil war in the country.

The televised confessions of Husni Mahmoud Abou, a leader of the extremist Moslem *Brotherhood,* followed the serious sectarian rioting in Lattakia, the home area of President Hafez al-Assad. The intervention of the army has restored quiet but several bombs have subsequently exploded *in Damascus and there* are unconfirmed reports of tension in other cities.

This would appear to lend credibility to Mr. Abou's assertion that the Moslem Brotherhood was trying to set Syria's *different religious communities* at each other's throats and provoke the sort of civil strife that *has* torn apart neighbouring Lebanon.

Whether that is exactly what Mr. Abou would have said had he not been in custody for over a month may be questionable. Equally doubtful are the official *Syrian allegations* that the Moslem Brotherhood is financed and manipulated by the three parties to the Middle East Peace Agreement, Egypt, Israel and the U.S.

What is clearer, however, is *that terrorism in the past few* months has caused sectarian strife in Syria and that should it worsen a further highly potent element will be added to Middle East instability.

President Assad is currently *visiting Lattakia and* is reported to be considering a reshuffle of local government officials.

His adamant opposition to the Egyptian-Israeli peace treaty should not disguise the fact that the Damascus regime with its 30,000 troops in Lebanon is making a vital contribution to dampening the fires of further conflict in the area. Should the troops *no longer be available* and Syria itself become enmeshed in internal fighting it is difficult to see how other forces in the area, either willingly or reluctantly, could avoid becoming involved.

Only the most *implacable* enemies of President Assad and a shamelessly *gleeful Egyptian* Press *are predicting his* imminent downfall. However, his nine-year-old régime has rarely seemed more assailed.

His foreign policy is at least temporarily in tatters. "Deserted" by President Anwar Sadat of Egypt, President Assad has in the past month seen his major response to Egypt's "traitrous" behaviour — rapprochement and eventual union with oil-rich Iraq—also collapse.

With Iraq accusing Syria of *trying* to engineer the overthrow of the new President Saddam Hussein and circulating to most Arab state videotapes of the *"plotters'* confession," there is understandable apprehension that Baghdad will now revert to its former bellicose policy towards Damascus.

On Syria's other borders there is little comfort. There remains *friendship* with Jordan, but following the Iraqi debacle, King Hussein will be concentrating more than ever on maintaining his high-wire balance. Israel and its right-wing Christian allies have continued their activities in southern Lebanon, driving out still more of the local population and Syria's military and political impotence has been further embarrassingly highlighted by Israel's air and sea attacks on alleged Palestinian positions further north.

DWhen Syria was finally provoked into a response *last July* five of its jets were shot down and Western military personnel believe that further aerial clashes could take place at any time. Syria will not be pulled into war with Israel, which today it would certainly lose, but neither can it ignore the possible internal military tensions caused by Israeli provocations and its thankless peace-keping role in Lebanon.

Of equal, if not greater concern to the authorities, is the use *of the* military to quell rioting at home. The scene of the disturbances, spread intermittently over three days was Lattakia, a northern port and seaside resort. Apart from being the home of President Assad it also *has one of the* largest concentrations of Alawites, the minority sect of which Mr. Assad is the best known member and which during the past 15 years has taken an increasing grip on the two main centres of power — the military and the ruling Ba'ath Party.

It is not a subject that is discussed openly but it is still not difficult to find members of the Sunni Moslem majority who are bitter about the dominance of the Alawites who only account for 10-11 per cent of the popu*lation and who are not* considered by some Islamic fundamentalists to be true Moslems.

The trouble in Lattakia started when an Alawite religious leader, Sheik Youssef Sarim, was gunned down outside a mosque on the outskirts of the town after performing dawn prayers. Because of "an error of judgment" by the local authorities, according to Mr. Ahmed Iskandar, the Information Minister, the body was left where it had fallen for three or four hours.

This gave time for an angry *crowd* to gather which then marched into the town, apparently unhindered by the security forces and police, and proceeded to smash cars, market stalls and other property. There is no clear indication *whether the main targets were* Sunni-owned, but certainly during the turmoil a Sunni was shot and killed.

At his funeral the following day a shot was fired into the procession killing another man, *also* a Sunni, and this is *said* by eyewitnesses to have provoked more serious fighting between the Sunni and Alawite sects with automatic weapons and pistols being used.

The army, comprising two battalions of infantry and one of special forces paratroopers, was called in and having battled with both sides eventually re-established control.

The casualty toll was put by Mr. Iskandar at 12 dead or wounded (roughly divided *between security forces and* civilians), up to 40 dead by other sources, and at nil by Mr. Mounir Breikan, the civil governor of Lattakia, who also denied at a Press conference on Sunday that the army had been used.

Mr. *Iskandar* said the population of Lattakia had been angry because they were displeased at the Government's failure to capture all the members of the Moslem Brotherhood who had been responsible for the massacre of about 50 army cadets, mainly Alawites, at a barracks in Aleppo on June 16.

After the Aleppo killings some 15 members of the Moslem Brotherhood were hanged for previous acts of terrorism while at least another 200 are believed subsequently to have been arrested, including some directly implicated in the murders of the army cadets.

President Assad is expected to make changes in the civil and political administration in Lattakia, and later probably in the cabinet itself in an effort to weed outsome of the less efficient and give the impression of firm direction.

At the *heart* of Syria's problems is probably a fairly general feeling that cuts across sectarian boundaries—the nation is drifting, without vigorous political goals or much popular participation and is hamstrung by a system that seems to deny talent in favour of patronage and nepotism. No visible personal challenge is apparent to President Assad, rather a slow erosion of confidence. On such fertile grounds can the Moslem Brotherhood and any other extremist factions wreak an effect far in excess of their numbers.

Korean productivity expected to rise by 7% a year

BY RICHARD HANSON IN SEOUL

SOUTH KOREA could realistically expect to maintain improvements in economy-wide *productivity in the 1980s* of about the 7 per cent per annum rate experienced over the past 10 years, Mr. Hyon Hwack Shin, the Minister of Economic Planning, told delegates at the final session of the Financial Times *conference on "Korea in the 1980s"* in Seoul.

Government measures earlier this year to curb inflation by tightening the money supply were showing signs of having been effective without damaging the *economy.* Estimates that investment in light manufacturing industry would still be 10 per cent higher this year than last and that heavy industry investment would rise about 28 per cent were cited by the Minister.

During the first eight months this year, exports rose by about 30 per cent, while imports increased by 47 per cent. The expected trade deficit this year of $3.9bn was well within the country's *ability* to finance.

South Korea, which has imported about $13bn in foreign capital so far, would still need large infusions in the future—perhaps $4.5bn in two to three years. Foreign investors should keep in mind that Korea had an impeccable debt-servicing record *and that the debt-service* ration was still only about 11 or 12 per cent. Indications were that the marginal productivity of capital in Korea was still high, Mr. Shin said.

Mr. Duk Choong Kim, president *of the giant Daewoo Indus*trial Company, said that foreign companies undertaking joint ventures in South Korea in high technology, skilled labour-intensive, export-oriented industry had every prospect of being successful.

South Korea had the skilled labour, a large degree of economic, social *and political* stability, clear government goals for the economy and incentives to attract joint-venture investment.

Those seeking to start up joint ventures (in principle, *foreign equity is allowed up to* 50 per cent, except in some specific cases) should have first-hand technology and management skill. Foreign partners were also advised not to aim at maximising short-term profits, a fact which *may be encouraged* by investment criteria applied in home countries.

Mr. Michael Bentley, executive vice-president of the Korea Merchant Banking Corporation *—itself a joint venture* between UK banks and Korean interests —told the conference that he believed the present economic difficulties were temporary and need not deter those seeking to invest in joint ventures in South *Korea.*

"The Korea economy will continue to grow at a rate sufficient to present foreign investors with returns on investment far in excess of those available in most other countries," he said.

Those trying to form ventures in Korea should proceed carefully. These *ventures often* began with initiative from the Korean investors seeking the technology to improve their existing activities. But the foreign investor too easily found himself caught up in the *enthusiasm of the Korean side* and driven on to an advanced stage of negotiations before considering fundamental questions.

Mr. Richard R. Johnson, executive vice-president of Saehan Motor Company, a joint *venture with General Motors* as the foreign partner, said that South Korea faced serious problems of productivity and technology in developing medium and heavy industry.

These two *fields would have* to automate to improve efficiency and attain the quality needed to produce internationally competitive goods. South Korea could obtain money to buy the equipment, but lacked adequate numbers *of* technicians to see that the equipment was properly installed and serviced.

"There are some of these people in Korean industry, but not enough and at this point they are not being developed fast enough. My main concern is that there is a tendency for *today's top Korean businessmen* and Government not to recognise the problems these deficiencies will create," he said.

Mr. Clive S. Jones, vice-president of Citibank in Seoul, said that the decision of foreign bankers to set up branches in South Korea would eventually be vindicated, but as yet the Government *had* not tried to integrate them into the local banking system.

Government policy which now restricted lending activities of the foreign bank branches in Seoul had led to an increase in *loans from those bank branches* outside of South Korea, thus creating a situation where the bank as a whole was reaching its ceilings on loans to South Korea. If demand for loans from the foreign banks in Seoul increases, the foreigners ironically might not be able to meet that demand.

FINANCIAL TIMES
Korea in the 1980s
CONFERENCE

Dr. Kedar N. Kohli, *acting* chief economist of the Asian Development Bank (ADB), said that the outlook for South Korea's balance of payments was not promising and that the country would have to depend on foreign capital to a larger degree than anticipated.

Korea's net deficit on the *current account* over the next four or five years was estimated at $1.52bn a year. Allowing for debt-servicing of about $1bn a year this means that Korea will require a gross annual inflow of $3.55bn—a *a level not beyond* the capacity of Korea to service.

Dr. Uwe Rameken, chief executive of West LB Asia, *said* that only optimists could expect the market to be able to accommodate the deficit-financing of developing industrial countries in the coming years.

Countries with heavy indebtedness faced major problems, but most of the developing industrial countries were in good shape. *Their above-average* export potential would probably enable them to master their financing problems.

Mr. Jun Yung Chung, the chairman of the Federation of Korean Industries, called for the *Government* to relinquish its ownership of many of the enterprises which could more effectively be operated by the private sector, including the commercial banks and electric power utilities.

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Japan links with Spain in computer export bid

By Charles Smith, Far East Editor, in Tokyo

JAPAN'S TOP computer maker Fujitsu has unveiled plans for entering the EEC market for small computers via a joint venture in Spain.

The company said that Secoinsa, a company in which Fujitsu has a 25 per cent stake, will begin the manufacture of Facom V-830 computers early next year, initially for the Spanish market and subsequently for export to the EEC (after Spanish entry).

The V-830 is a new model at the bottom of Fujitsu's computer range. It was introduced on to the Japanese market in April this year.

Fujitsu established Secoinsa Sociedad Espanola de Comunicaciones e Informatica in 1976 with the Spanish state telephone corporation and the Instituto Nacional de Industria.

During the past three years the company has been manufacturing computer peripherals and other equipment for the Spanish market and for export to Latin America.

The new arrangement with Secoinsa represents one prong of Fujitsu's assault on the EEC computer market. The other prong is its tie-up with Siemens.

This provides for Siemens to sell Fujitsu's M series of large computers in the EEC using the brand name, Siemens 7880. Siemens began marketing the M series in April last year.

Ship orders recovering

TOKYO — Japanese shipbuilders received export orders for 94 ships totalling 1.92m gross tons in the April-August period this year, up sharply from 57 ships weighing 776,129 gross tons in the corresponding period last year, the Japan Ship Exporters' Association said.

In terms of tonnage, the orders in the five months approached the 2.24m gross tons recorded in the entire 1978 fiscal year ended last March. The number of ships ordered in the year was 154. The spokesman attributed the jump chiefly to strong demand for medium-sized tankers and general recovery in the shipping industry.
AP-DJ

British Airways to buy TriStars in £127m deal

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has placed a new order with Lockheed of the United States for six more TriStar tri-jet airliners, with Rolls-Royce RB-211 engines, worth in all about £127m.

The order brings to 23 the number of TriStars so far ordered by the airline, of which 13 are already in service. Delivery of the new aircraft will begin next March.

The aircraft are Dash 200 long-range models, each seating up to 393 passengers, and suitable for transatlantic operations as well as on short-haul routes in Western Europe.

The engines will be RB-211 Dash 524Bs, with an improved fuel consumption over earlier versions of the engine.

These engines can be used either at maximum power at "hot" airfields, such as in the Middle East, or throttled back for economic cruise on short-haul routes, as in Western Europe.

The latest order brings total sales of TriStars by Lockheed to 301 aircraft, of which 230 are firm orders and the rest are options. So far this year, Lockheed has achieved sales of 33 TriStars world-wide, all with Rolls-Royce RB-211 engines.

● Four more orders have brought the sales of British Aerospace's successful HS 125 business jet to 459, it was announced yesterday. These additional orders bring total sales of the latest fan-powered version of the 125, the Series 700, to over the 100 mark.

The hundredth customer was an African government which has a requirement to transport senior government officials to the capitals of neighbouring states as well as for internal communications using numerous secondary airfields.

The three other sales were achieved in North America where the total order book now represents some 60 per cent of all HS 125 sales to date.

Overseas sales of UK coal expected to rise

BY MAURICE SAMUELSON

THE COAL BOARD said yesterday that it expects British coal exports to increase considerably over the next two decades, assuming output can be increased, as more countries stop burning oil in their power stations.

Mr. Malcolm Edwards, the board's chief marketing director, was speaking after signing an agreement to supply Israel with 750,000 tons of power station coal over three years. At current pit head prices of £26 a ton, the deal would be worth £18.5m, but could be more by the time shipments start early in 1981.

Both he and Mr. Itzhak Modai, the Israeli Energy Minister, said that they were confident that the deal would lead to others for greater quantities and longer duration.

With Israel's electricity industry planning to dispense with oil altogether, Israel would be importing up to 10m tons of coal a year by the end of the 1980s. "This would be a very significant factor in world trade in coal," Mr. Edwards said. Total UK coal exports are now a mere 2.1m tons a year.

Denmark was also planning a major switch from oil and would need 15m tons of coal a year by 1990.

Coal Board officials seemed particularly happy at the prospect of bulk carriers from the Humber supplying coal to the Middle East. Israel's Hadera power station, being built on the coast 20 miles south of Haifa, will be the first in the region to burn coal.

However, Mr. Modai was offered little prospect of also purchasing British oil, when he met Mr. David Howell, Energy Secretary, yesterday.

No change in U.S. investment policy likely

Financial Times Reporter

THE CHANCE of a major change in the U.S. Government's open-door policy towards foreign direct investment is remote, according to a study released by Citibank, the second largest commercial bank in the U.S.

Citibank reports that the U.S. has experienced an unusual increase in foreign direct investment since 1973.

"Since then it has grown at an average rate of almost 18 per cent a year. At year-end 1978 the value of foreign direct investments in the U.S. stood at almost $40bn, compared with only $14.9bn in 1972."

Citibank adds that these figures understate the real total because they are based on only the foreign parents' contribution to U.S. affiliates' assets, and therefore do not include sums raised in the U.S.

India sees potential in China

BY K. K. SHARMA IN NEW DELHI

A RECENT study shows that there is vast scope for India to seek subcontracting opportunities in China from foreign companies which are helping in its ambitious modernisation programme. The study was undertaken by the Indian Institute of Foreign Trade at the request of the Ministry of Commerce.

The study adds that there is scope for India, which has just begun trading with China after a break of two decades, to set up joint ventures in China. Indian expertise can also be used in agriculture and open-pit mining.

The study identifies a number of export and import items of interest to India. Exports include food, beverages, tobacco, some kinds of fuel, rubber, cotton, iron ore, chrome ore and iron and steel scrap. Among items of machinery are mentioned transport equipment, tractors, machine tools, textile machinery, construction and mining machinery, pumps and a large range of other items.

The main items that India would be interested in importing include newsprint, silk yarn, medicines, antimony, mercury, tin, tungsten and insecticides.

But the study also warns India of the threat posed by China to its exports to Western and other markets. Chinese competition is already severe in cotton textiles, silk goods, jute sacking, cashew kernels and carpets. In the U.S. and West European markets China is making inroads in respect of cotton grey sheeting, bleached shirtings and sheeting. China has also entered the sub-continent and South-East Asian markets in a big way.

The study also points out that India's markets in Japan and Britain are particularly threatened by China.

In Japan, with which China has signed a commercial pact, also because of its geographical proximity, there is a strong possibility of Indian exporters being eased out by China the study warns.

French car industry pins hopes on exports

By Terry Dodsworth in Paris

THE FRENCH car industry's balance sheet could hardly be more positive than in the first half of this year. Production is up, exports roaring ahead, and the manufacturers as a whole set to break last year's record output.

The reasons for this exemplary performance are not hard to find. On the one hand, the French producers are being buoyed up by a continuing high level of demand, while overseas they are cashing in on the steady expansion of their sales networks over the last decade. They have also escaped a serious strike this year.

But behind this overall picture of vigorous expansion lie considerable variations. Renault for example, has pushed ahead much more rapidly than its competitors. Chrysler-France, on the other hand, now renamed Talbot since the takeover by PSA Peugeot-Citroen, has cut output considerably.

These differences illustrate both the current strength of Renault and the critical problems which still face Talbot as PSA strives to pull out of a cycle of decline. Renault, with a bunch of new models now on the road, is in full expansion, consolidating its position in Europe, and attempting to establish itself in the U.S. Talbot is still trying to balance its budget.

Expansion

Thus, within the overall French car output of 1,717,000 units during the first six months of the year (up from 1,659,000 a year ago), Renault has accounted for 797,000 (715,000) units against Talbot's 216,000 (263,000).

By contrast with these two companies, the two main constituents of the PSA group, Peugeot and Citroen, are evolving in a much less dramatic fashion. Peugeot's production for the six-month period rose from 453,000 cars to 466,000, while Citroen's went up only marginally from 405,000 to 407,000. This steady growth is consistent with the traditionally cautious style of step-by-step development practised by Peugeot.

How long will this expansionary phase last? At present, the motor car industry is about the only consumer-directed sector in France showing any signs of growth. This phenomenon is partly explained by the rash of tempting new models introduced in France during the last two years.

Nevertheless, expenditure on new cars remains disproportionately high, the importers have also been enjoying a field day, with sales up from 238,000 for the first five months of 1978 to 253,000 for the same period of this year.

Because of the general stagnation of consumer spending, plus the fact that the French Government is now trying to tighten up on wages growth, it is widely felt that the bubble must burst soon. The stock market has taken account of this by marking down Peugeot Citroen shares, as well as those of Michelin the big tyre company. Most analysts feel that the pinch will begin to be felt this winter.

These expected pressures in the domestic market have made exports all the more important. Thus much of the additional French production this year has gone into improving overseas sales: with exports up from 840,000 cars in the first half of 1978 to 876,000 this year, well over half of the additional output has been pushed into overseas networks.

Export effort

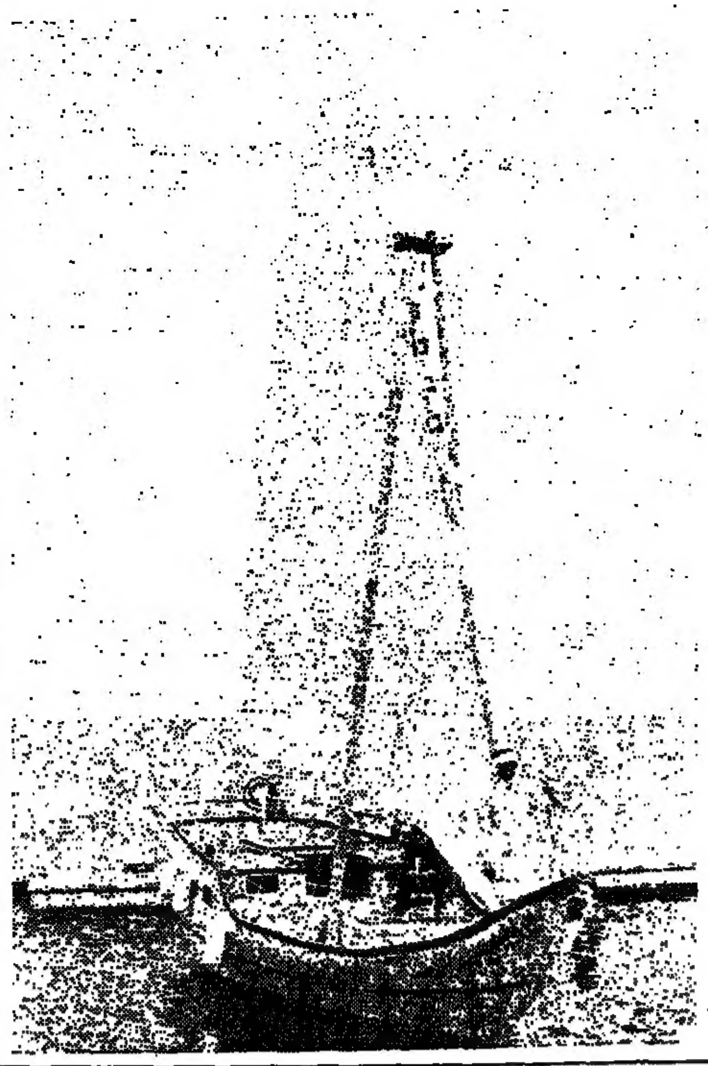
Renault in particular has made a big export effort, concentrating especially on the UK. And every manufacturer is searching farther afield. Citroen is discussing deals in Eastern Europe, Renault expanding in the U.S., and Peugeot looking at a pilot project in Egypt.

The reverse side of this picture of healthy growth is presented by the commercial vehicle industry. This has been in an acute state of depression for well over two years now, and there are no immediate prospects of an improvement.

French van and truck manufacturers have been handicapped by two factors. On the one hand, they failed to rationalise and invest in new facilities earlier in the 1970s: on the other the continuing stagnation of heavy industry and the public works sector in France has led to very flat demand.

As a result of these pressures, commercial vehicle production fell in the first six months of this year to 210,000 units compared with 223,000 a year ago. The decline affected all the French manufacturers but it has been particularly important for producers of heavier vehicles not derived from cars.

There are essentially two manufacturers falling into this category, Renault Vehicules Industriels (RVI) which brings together the former Berliet and Saviem companies, and UNIC one of the divisions of the Fiat-controlled IVECO group. At RVI, output fell from 27,000 in the first six months of last year to 21,000, while at UNIC-Fiat it dropped from 10,000 units to 9,400.



UK selling dhows to Arabia

A BRITISH boat-building company based in Nottingham is making modern versions of the Arab dhow and selling them to the Arabs. G. S. Marine handed over a 30-foot vessel at Brighton this week to His Excellency Sheikh Sultan Bin Raschid Al-Naomi, the United Arab Emirates Ambassador to Austria.

Built in glass reinforced plastic, the dhow is a faithful reproduction of one of the oldest types of sailing vessels which was first mentioned in the Koran.

G. S. Marine expects to produce and sell 50 vessels in the first year and the main markets seem certain to be the Middle and Far East. A range of dhows will be manufactured as both working and pleasure boats.

The smallest is likely to have an overall length of 15 ft, the largest, already the subject of a strong interest, will be 150 ft in length.

Prices, which vary according to size, standard of finish and range of extras will be between £12,000 and £100,000.

هكذا من الأصل

What gives the new Citroen Reflex such remarkable figures?

The answer lies hidden under the bonnet.

Open her up, and you'll find a powerful new 2-litre overhead camshaft engine which delivers effortless acceleration up to 109 mph and outperforms virtually all its competitors.

Yet incredibly, although the Reflex is so quick, its performance is matched by equally outstanding economy.

The ultra-modern new engine, combined with Citroen's aerodynamically incomparable bodyline, produces fuel consumption figures which are amazingly well suited to the energy-conscious Eighties:

35.8 mpg at a constant 56 mph; 29.1 mpg at a constant 75 mph; and 23.5 mpg in the urban test.

Despite its economy, however, the Reflex has all those touches you would expect of a much more highly-priced luxury saloon.

And once you get behind the wheel, you'll discover that unique feel which keeps Citroen miles ahead in terms of comfort, driving pleasure and safety.

Self-levelling hydropneumatic suspension gives the smoothest ride on the roughest roads, and reacts to a high-speed blow-out as if nothing has happened.

Front-wheel drive and VariPower steering, which becomes progressively firmer with speed, ensure rock-solid roadholding and handling.

All the same, the figure that makes for the best reading is undoubtedly the price: just £5697.

The Athena, which is the same car but with a 5-speed gearbox for even greater economy and acceleration, plus several added luxuries, carries the equally conservative price-tag of £6229.

The new Citroen Reflex.

We couldn't improve her looks, so we improved her figures.

CITROËN

109 MPH. 36 MPG. £5,700

*SIMULATED URBAN DRIVING 23.54MPG (12.0L/100KM), CONSTANT 56MPH (90KM/H) 35.76MPG (7.9L/100KM), CONSTANT 75MPH (120KM/H) 29.12MPG (9.7L/100KM). PRICES INCLUDE CAR TAX, VAT AND INERTIA REEL SEAT BELTS, BUT EXCLUDE DELIVERY CHARGES £83.95 (INC. VAT) AND NUMBER PLATES. PRICES CORRECT AT TIME OF GOING TO PRESS. ALL CITROEN CARS HAVE A 12 MONTHS UNLIMITED MILEAGE GUARANTEE. CHECK YELLOW PAGES FOR NEAREST DEALER AND ASK ABOUT OUR PREFERENTIAL FINANCE SCHEME. PLEASE ENQUIRE ABOUT OUR PERSONAL, EXPORT, H.M. FORCES AND DIPLOMATIC SCHEMES TO: CITROEN CARS LTD, MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH 23808.

Two-year timetable likely for tachographs

By Lynton McLain

THE GOVERNMENT is expected to launch its proposals and timetable for introducing the tachograph vehicle and driver performance recorder, in two weeks.

It is thought that hauliers, coach operators and the transport unions will be given two years to phase in the tachograph, in compliance with European Community law.

Mr. Norman Fowler, Transport Minister agreed in Brussels earlier this week that EEC tachograph regulations would be fully implemented in Britain by the end of 1981.

Stiff opposition from hauliers and unions to a two-year phasing-in period is certain.

Unrealistic

Mr. Alan Law, a Midlands regional officer of the Transport and General Workers Union said in February that attempts to force the techograph on drivers would lead to a strike.

The Freight Transport Association, however, which represents more than 15,500 companies involved in transport said last night that two years was a "totally unrealistic period."

The association is opposed to the compulsory fitting of techographs and wants a five-year phasing-in period—as well as "sensible exemptions."

The EEC Commission which wanted an 18-month phasing-in period, has apparently not objected to Mr. Fowler's proposal for a two-year transition period.

Museum closes

THE BRITISH Rotocraft Museum at Weston-super-Mare, Britain's only helicopter museum, has announced that it has been forced to close because of expiration of the local airfield lease.

Merger inquiries on the increase

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE RATE at which company mergers are referred to the Monopolies and Mergers Commission for further investigation has shown a significant increase in recent years, the Office of Fair Trading said yesterday.

Between 1965 and 1973, the average number of references made to the commission was three a year. Since then the rate has risen to over five references a year.

However, the number of mergers which are considered for investigation has more than trebled since 1966. In that year, some 63 mergers fell within the scope of legislation requiring all mergers involving the acquisition of assets worth more than £5m to be examined by the Mergers Panel, before possible referral to the Commission.

In 1978 the number of mergers coming within the terms of the law totalled 229.

The figures are revealed in the latest issue of Trade and Industry. The author, Mr. John Graham, an economist with the Office of Fair Trading, says that a general increase in the level of merger activity is one reason for the increase in referrable mergers. Another is the effect of inflation on the £5m assets criteria.

The report provides a detailed analysis of mergers examined in 1978. It points out that the relatively active acquiring companies were most often found in the insurance, banking, and financial sectors, the distributive trades, and the food, drink, and tobacco manufacturing industries.

The gross assets of acquiring companies totalled £184bn last year and they sought to acquire companies worth just 6.5 per cent of their own value.

A substantial rise in the number of acquisitions by foreign-owned or controlled companies is revealed in the report. These cases now account for one-fifth of all mergers. Acquisition by UK companies of assets abroad account for about a third of the 229 merger cases.

There also appeared to be a shift towards a greater number of larger mergers during 1978. Mergers involving assets of £50m or more accounted for 80 per cent of all assets acquired, compared with 45 per cent in 1977 and 52 per cent in 1976.

In cases which have been referred to the commission for a full investigation, the report says that there has been no apparent bias in decisions either for or against the public interest.

● Mr. John Warne was yesterday appointed deputy director-general of the Office of Fair Trading, in succession to Mr. Frank Glaves-Smith who retires from the Civil Service later this month. The post is graded at deputy secretary rank. Mr. Warne will take up his duties in early October.

Sasse agent calls 110 members to meeting

BY JOHN MOORE

A MEETING has been called for Monday of the 110 members of the troubled Sasse underwriting syndicate at Lloyd's by the syndicate's agent, Mr. Stephen Merrett, of Merrett Dixey Syndicates.

The move follows the issuing of a writ by Lloyd's against 30 of the underwriting members who have, according to Lloyd's, "indicated a reluctance to comply" with the Lloyd's audit requirement that all members of Lloyd's should have sufficient assets to meet their liabilities.

Mr. Merrett has written to members that matters relating to the affair "appear at best extraordinary but more often resemble an unacceptable mixture of French farce and Greek tragedy."

In another letter he referred to "a sense of outrage" which he felt about Lloyd's action.

Mr. Ian Findlay, Lloyd's chairman, wrote to members that no further extension to the syndicate's audit date, now September 30, can be contemplated.

"It is essential for the names," the members of the syndicate, "to provide any necessary additional assets by not later than the end of the second week in September. Failure to meet the audit requirements will mean that the name will be declared in default and stopped underwriting immediately in all syndicates at Lloyd's."

Ferranti to close division

By John Lloyd

FERRANTI, the British electronics company which is 50 per cent owned by the National Enterprise Board, is to close its power transformer business after present orders are completed in a year.

Transformers account for 40 per cent of the turnover of the company's engineering division, which last year made a £1.1m loss on sales of £15.9m. The losses were wholly due to transformer operations.

The company said yesterday that it did not expect to show profits in the division in the current financial year.

New transit system for Gatwick

LONDON'S Gatwick Airport is to be the first outside the U.S. to have an unmanned "rapid transit system" to carry passengers from their aircraft to the main terminal building.

A multi-million pound scheme, based on the Westinghouse Electric Corporation's system now in use at several airports in the U.S., will be installed at Gatwick when the new "satellite" terminal is built.

This terminal is separate from the planned second main terminal designed to raise the airport's capacity from 16m to 25m passengers a year. It will be 350 yards from the existing main terminal, and passengers will need some form of transport.

Prices move

RETAILERS' use of misleading price comparisons are to be further banned under a Government Order laid before Parliament yesterday and due to take effect from December 10. It bans the use of comparisons with recommended prices for domestic electrical appliances, consumer electronic goods, carpets and furniture.

More trucks sold

SALES OF new commercial vehicles in Britain last month, at 35,067, were 15.07 per cent higher than in August last year, according to figures released by the Society of Motor Manufactureres and Traders.

MOT safety drive

NE WSTANDARDS for equipment at MOT test garages will come into force on January 1 next year, it was announced yesterday.

About 2,500 test stations are expected to lose their authorisation.

Asian tour

MR. PETER BLAKER, Minister of State for Foreign and Commonwealth Affairs, left London yesterday for a 16-day tour of South-East Asia. The tour is to include the New Hebrides where Mr. Blaker hopes to agree a constitution for the island's independence.

John Lewis profits

THE JOHN LEWIS Partnership yesterday reported a 21 per cent sales increase in its department stores and supermarkets in the first seven months of the year. Total sales to July 28 were £292m with trading profits of £17.9m, some 8.5 per cent higher than last year's record figures.

Cigarettes up 3p

GALLAHER and British-American Tobacco yesterday announced a rise of 3p per packet of 20 cigarettes from September 17. The rise follows similar increases by Carreras Rothmans and Imperial Tobacco.

BNOC assets decision expected

BY PHILIP RAWSTORNE

A GOVERNMENT announcement about the disposal of some of the assets of the British National Oil Corporation is expected today.

A meeting of the Cabinet yesterday is understood to have formally endorsed decisions taken earlier this week by its economic committee.

Mrs. Margaret Thatcher is also expected to reply today to Mr. James Callaghan's protest about the Government's proposals for selling some of BNOC's interests in the North Sea oilfields.

Labour leaders now expect a compromise solution from the Government. They believe it may insist on some minor direct sales but may adopt one of BNOC's own suggestions of issuing bonds or offering shares in the corporation to the public.

Mr. David Howell, the Energy Secretary, in a speech in London last night vigorously defended the Government's policy of selling state-owned assets.

He stressed, however, that it was the Government's intention to spread the ownership of industry among the widest possible public. "This Government aims to swell dramatically the number of people in Britain who own a stake in the country—and indeed in their own companies," he said.

Mr. Howell declared that this "true public ownership" offered greater prospects of prosperity, security and co-operation in industry than traditional state ownership.

The Cabinet, at a meeting which lasted nearly three hours yesterday, continued its longer-term review of public expenditure which included discussion of Civil Service reductions.

Jurek Martin reports from Washington: Sir David Steel, chairman of British Petroleum, said yesterday that BP would not be deterred by the Labour Party's threat to renationalise, possibly without compensation, parts of BNOC sold off by the present Conservative Government.

Sir David said that BP was "always interested" in the disposition of BNOC but did not know precisely what plans the Government had for the state-owned oil company.

Freightliner predicts £1m trading profit

BY LYNTON McLAIN

FREIGHTLINER yesterday forecast a £1m trading profit for the current financial year, despite a £400,000 loss for the first six months. The container freight company became part of British Rail last year.

Mr. Cyril Bleasdale, managing director, said the first eight weeks of the year had been an "absolute disaster." The strike by Road Haulage Association lorry drivers had cut Freightliner's expected revenue by over a third—from £9m to £5.8m. This resulted in a trading loss of £1.6m in the two months.

The position improved in the second quarter. The freight traffic handled by the company had risen by 7 per cent compared with last year.

Revenue in the second quarter rose to £23.9m and produced a £1.2m trading profit.

Freightliner has won much of the increased business from new customers. "No doubt one reason is a fear of further energy crises, shortages of diesel fuel and increasing road regulations," said Mr. Bleasdale.

Steel output drops

BY ROY HODSON

STEEL PRODUCTION in Britain in August was 349,600 tonnes a week—9.4 per cent below July.

The figures reflect annual holidays in some steelmaking areas. They cannot be compared with 1978, when special plant closures were arranged because of the steel crisis.

Figures for the first eight months of this year indicate an increase of nearly 7 per cent in steel output by both the private and the public sectors compared with the same period last year.

British Steel is concerned about the level of steel demand for the rest of the year. The recent proposal to cut back tubes production is an indication of how the corporation is finding difficulty in maintaining exports since the value of sterling has increased.

Sterling M3 up 0.9% in month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Sterling M3, the broadly-defined money supply, rose by £497m, or 0.9 per cent, in the month to mid-August on a seasonally adjusted basis. This makes a rise of 1.8 per cent over the first two months of the new target period to mid-April 1980, during which an annual rate of increase of 7 to 11 per cent is permitted.

The narrowly-defined money supply, M1, fell slightly last month after a large rise in July.

External flows tended to depress the money supply—by about £446m—which implies a net outflow of funds from the non-bank private sector. This is likely to have been associated in part with the relaxation of exchange controls.

GROWTH OF MONETARY AGGREGATES (£m)

	Money Stock M1			Money Stock M3 Sterling			Bank lending*		Domestic credit expansion	
	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	%	Unadjusted	Seasonally adjusted	Unadjusted	Seasonally adjusted
June 21	—312	—28	—0.1	209	402	0.9	637	501	514	517
July 19	763	549	2.3	935	666	1.4	1,005	428	654	118
August 16	135	150	0.6	—487	—223	—0.5	—163	311	—396	—196
Sept. 20	137	249	1.0	478	460	1.0	11	16	549	651
Oct. 18	478	235	1.0	535	334	0.7	415	397	586	463
Nov. 15	40	44	0.2	254	306	0.6	268	442	149	250
Dec. 13	989	585	2.3	950	710	1.5	6	475	1,243	1,061
1979										
Jan. 17	—548	213	0.8	332	996	2.0	1,216	483	344	794
Feb. 21	—221	195	0.8	—33	507	1.0	1,124	1,128	378	1,048
Mar. 21	303	34	0.1	—346	—445	—0.9	426	729	—388	321
Apr. 18	1,516	786	3.0	1,610	723	1.4	544	536	1,762	825
May 16	—186	39	0.1	420	729	1.4	617	818	586	996
June 20	—404	—213	—0.8	609	60	1.2	1,097	1,027	1,141	887
July 18	772	642	2.4	778	428	0.8	1,128	381	991	442
Aug. 15	—26	—18	—0.1	230	497	0.9	122	677	828	1,065

* To private sector in sterling including Bank of England Issue Department holdings of commercial bills.

Source: Bank of England

Presses roll for Now! magazine

BY JOHN LLOYD

NOW! the weekly news magazine which is the brainchild of Sir James Goldsmith, chairman of Cavenham, is launched today with a print run of 400,000, backed by £400,000 worth of advertising.

Sir James has set aside £2.5m to cover the costs of the first year's publicity. The company formed to publish the magazine — Cavenham Communications—is capitalised at £3m.

The original launch budget for advertising, £750,000—£350,000, has been saved because of the ITV strike. Sir James is not concerned—he will go to TV later, after initial publicity has faded.

The future success of the magazine in a country which has so far refused to support a weekly news journal on the Time model has been a matter of some debate in the pre-launch period. Sir James, in an interview with the Financial Times, confessed he could not predict its chances.

"We have had no surveys or research done. They would be meaningless. The circulation figure of 250,000 which we hope to reach was plucked from the air—it could be anything between 50,000 and 500,000."

L'Express

Sir James has had some success with the French news magazine, L'Express, claiming that he arrested the decline in its circulation — it fell from 650,000-500,000 between 1971 and 1977, and rose to 560,000 after his purchase in 1977—and that it is popular with senior executives, as recorded in a survey published in Le Monde.

He says L'Express takes 4.9 per cent of the total print advertising market, has shown greater growth overall than any other news magazine and that it will make a £1m profit this year, with around £3m profit next.

How long will he wait for Now! to succeed? "If it has the feel of life in it, I will keep it going, even with losses. If it doesn't, I won't. The staff all know this. One thing I will not do is go downmarket in search of readers; I will not sell a magazine I am not proud of.

How far will he be in control? "I do not believe in the prevailing myth that the editor is a supreme Godlike figure and the publisher Satanic. I will be involved very much in editorial matters. I will work through my editor, with whom I am in close agreement. But if, as in any association, wide disagreements arise, he would go."

How far to the right of centre is Sir James's idea of right of centre? "It will have similar politics to L'Express in the sense that L'Express supports the Giscard/Barre line because it is libertarian conservative against corporatism, for the Common Market. The same is true of the present government in the UK.

"It will be polemical. It will have an opinion: indeed, I want it to throb with emotion. I see the future of the Tory party as being that of a classless party, not exclusively a party of the middle classes."

Why has he paid his journalists so much? "Oh, but I think they are not paid enough. The payment for journalists in this country is absurd, and it is a reflection of the spinelessness of the Fleet Street barons, who made the classic twin mistake of buying out trouble in the shopfloor and squeezing their creative talent."

CONTRACTS

£3.5m telephone exchange orders for GEC

The private systems division of GEC TELECOMMUNICATIONS has received more than £3.5m worth of orders from the Post Office for private telephone exchange equipment. Private automatic branch exchanges will be installed in various government establishments at Harrogate, Honnington, Stirling and other places. The orders include selectors, relays, and other equipment for PABX switching.

★

Two pedestal-mounted offshore cranes, designed specifically for North Sea operations, have been ordered from STOTHERT AND PITT at a cost of around £1m by Taywood-Santa Fe for the Shell/Esso North Cormorant platform. The two cranes are based on the OS200 Series. Each crane has a 180 ft boom and will be fitted with a patented safety protection device.

★

PLESSEY AVIONICS AND COMMUNICATIONS has been awarded a contract worth more than £750,000 to supply airborne transponders to the Ministry of Defence.

★

WILLIAM E. FARRER, a subsidiary of the Moss Engineering Group, has been awarded a contract worth more than £1m by the Government - controlled National Company for the Construction and Maintenance of Municipal Works of Libya for the supply of a sewage treatment plant for the city of Derna.

★

The National Coal Board has placed orders worth £500,000 with PLESSEY COMMUNICATIONS SYSTEMS, Beeston, Nottingham, for four Crossbar private automatic branch exchanges linked with the new Plessey 731 underground telephone system. These are for collieries at Ellington, Eppleton, Wearmouth and Westoe in the North-East of England.

★

The British Transport Docks Board has appointed SOUTHERN COUNTIES CONSTRUCTION to carry out a contract worth about £250,000 to provide parking for import and export cars in Southampton Docks.

★

AJAX MAGNETHERMIC (UK) has received an order from Delta Tubes worth around £160,000 for two induction melting furnaces. The furnaces are of Chanel type and each has an available capacity of 4800 kg of phosphorous deoxidised copper and an electrical rating of 450 kW.

★

ASHWELL SCOTT, part of the William Press Group, has received contracts worth nearly £1m. Work includes the provision of air conditioning and associated services worth £275,000 for Esso Chemical's new control building at Fawley and a £204,000 project for a factory and office complex being developed for Sodastream at Peterborough.

★

WHESSOE HEAVY ENGINEERING has secured an order worth more than £1.5m from British Nuclear Fuels for the fabrication, construction and testing of four 1,000 cubic metre capacity storage tanks. The tanks will form part of BNFL's new water treatment plant now under construction at Calder Hall, Windscale.

★

Birmid Qualcast Foundries has ordered a 2956/10 computer system valued at over £500,000 from INTERNATIONAL COMPUTERS.

★

During the past six weeks orders totalling some £550,000 have been placed for SONY video recording equipment by the state broadcasting organisations of Austria, Italy, Poland and Switzerland. The equipment will be used for electronic news gathering.

★

Pullman Kellogg has awarded a £725,000 contract to BALFOUR BEATTY CONSTRUCTION, a member of the Balfour Beatty Group of BICC, for off-site civil works at the Mobil Refinery, Coryton.

★

SOUND DIFFUSION has received from BP an order worth more than £200,000 for an emergency communication system for its Britannic House offices in London.

ANNOUNCEMENTS

Rates rises over 50% are forecast

BY PETER O'CONNELL

RATE RISES of more than 50 per cent for urban areas have been forecast by the leader of a London council.

Mr. John O'Grady, leader of Southwark Council, said: "The situation foisted on us by the Government is so serious, we are facing the possibility of rate increases which could easily exceed 50 per cent."

The Association of Metropolitan Authorities and the London Borough Association confirmed that they believe cities will suffer "substantially" from a change in the formula for next year's rate support grant, large pay awards, high interest charges and the increase in VAT.

The local authority associations are to meet Mr. Michael Heseltine, the Environment Secretary, next month to urge him to increase the rate support grant.

Mr. Heseltine, criticised the last government's favouritism to the inner cities and in November, when he announces the rate support grant to Britain's local authorities for 1980-81, he is expected to distribute more of the 3,500m grant to the rural areas.

In Southwark Mr. Jerry Corless, the borough treasurer, said his council's rate of 99p in the pound is set to go up 55 per cent for commercial and industrial users, even though the council had complied with Mr. Heseltine's request to lop this year's spending by £1.5m and 5 per cent from next year's.

The cuts include shelving the controversial plan for a £31.4m town hall, slowing down the £20m development of the Surrey Docks' infrastructure and adopting a policy of natural wastage of staff.

Last year the Labour Government forecast single-figure rate increases for 1979-80, but they averaged 19.2 per cent. But some areas, particularly in London had rises of 39-50 per cent.

Mr. Heseltine may turn his request to councils to cut 5 per cent off next year's current spending into a drop in the rate support grant in real terms by that amount.

● Labour-controlled Lambeth Council is expected this weekend to overturn its original decision to implement £3m spending cuts in the current financial year.

Hattersley predicts 30% increase next year

BY PHILIP RAWSTORNE

THE GOVERNMENT'S public spending cuts would result in rate increases of 30 per cent throughout the country next year, Mr. Roy Hattersley, Labour's environment spokesman, predicted yesterday.

Higher council rents, reduced local services and more jobless were also inevitable, he said at a Press conference in London to launch Labour's "campaign against the cuts."

Ratepayers everywhere would be getting less and paying more, Mr. Hattersley declared.

"A massive rate increase is the unavoidable result of Government policy — the cut in the rate support grant, the refusal to finance a proper share of local authority wage increases and the massive acceleration in the inflation rate."

London would be hit particularly badly and the prospects for most urban areas were gloomy.

● Local authorities could make savings approaching 20 per cent next year—compared with the 5 per cent spending cuts required by Government—if they all became as cost-conscious as the most efficient councils, Mr. Ian Coutts, chairman of the Association of County Council's local government finance committee, claimed yesterday. He said a number of councils spent much more than others to provide the same services.

Borg cuts production at Basildon

Financial Times Reporter

THE YORK division of Borg Warner, refrigeration and air-conditioning equipment engineers, is cutting production at its Basildon, Essex, plant.

Middle managers and 67 shop floor employees—almost the *entire night shift*—is to be made redundant. The company's packaged products section, which makes smaller units, is being closed.

Overseas sales of York Borg Warner, which last April won the Queen's Award for Industry for its export performance, have suffered because of the rise in sterling. The two-day a week engineering strike is affecting delivery dates.

Earlier this month production of hermetic compressors for refrigerators and air conditioners ended at the Prestcold company's plants on Clydeside.

Population of Belfast falls by a fifth in seven years

BY OUR BELFAST CORRESPONDENT

THE POPULATION of Belfast dropped by 77,000 or 19 per cent in the seven years up to 1978 according to a household survey undertaken by the Northern Ireland Housing Executive.

The results, based on a survey of 5,000 households in the middle of last year, confirm a trend of population loss dating back to the early 1960s and correspond with similar British cities.

The movement of families, largely from the inner city, to growing suburban towns like Lisburn and Newtown Abbey, leaves the population of Belfast at 325,000.

Some 46 per cent of households listed "unsuitable dwellings" as the main reason why they are likely to leave in the future and 18 per cent said they would move because of the poor environment.

The preliminary report from the executive noted a change in the city's age structure as a result of decline in the younger age groups and a gradual ageing of the population.

The number of children under 15 dropped by almost 34,000 or 31 per cent between 1971 and 1978. The over-60s made up 20 per cent of the total population.

The drop in the number of younger economically active people stems mainly from the continuing migration from the city, while the declining birth rate accounted for the change in the young dependent age groups.

The survey will assist the housing executive to assess the effectiveness of its policies and will identify the differing needs of different parts of Belfast.

The report highlighted the needs of the elderly. It said 40 per cent of household heads were aged over 60.

The survey confirmed that the predominantly Roman Catholic west of the city had the worst housing problems. The number of houses available for occupation in Belfast as a whole dropped by 13 per cent and although the number of empty houses increased high levels of occupancy and overcrowding were still recorded in west Belfast.

Belfast Household Survey 1978—preliminary report. Available from the Corporate Planning Department, N.I. Housing Executive, 7 College Square North, Belfast. Price £2.

Split SNP faces policy dilemma

BY RICHARD EVANS, LOBBY EDITOR

THE QUEST for a viable political strategy by the Scottish National Party, battered by electoral defeats in the past year, was launched at its conference at Dundee yesterday amid signs that the search *could be a long and painful one.*

The opening day was dominated by the developing argument between the fundamentalists who want to concentrate on independence and nothing else, and the radicals who want to see a complete electoral platform developed on left-wing lines.

The outcome will not be known until elections for key party posts are held tomorrow and debates held on the party's constitution and on the dangers of internal pressure groups, but the dilemma was already clear yesterday.

Mr. Gordon Wilson, one of the party's two surviving Westminster MPs, made a direct attack on the left wingers by arguing that a revaluation of objections did not mean that the party should "rush to embrace the alien philosophy of the class war and the extremes of republicanism."

Resolutions were passed condemning the Conservative Government's attack on Scotland's living standards; total opposition was expressed to the development of nuclear power stations especially to the Torness plant, and a policy of "non-violent civil disobedience" was advocated to prevent the dumping of foreign nuclear waste in Scotland.

Profits will be made by eliminating steel waste

BY ROY HODSON

A NEW £1M plant, which started production in South Wales this week with the support of the British Steel Corporation, is expected to make its profits from the offcuts of steel that conventional manufacturers throw away.

Fereligh, an Essex-based company owned by Mr. Bob Bradford, the chairman, and his family, is already a leading specialist in the production of sheet steel blanks cut to industry's precise specifications by numerically controlled machines.

The new Fereligh plant has been built on the Tafarnabach industrial estate, Ebbw Vale, in an attempt to provide a direct link between the bulk sheet steel production of the British Steel mills and the needs of manufacturers for precisely dimensioned components.

British Steel sheet is already being delivered from the Fereligh plant ready cut and drilled for forming into such items as vending machine cabinets, office equipment, and electronics chassis.

Mr. Bradford's ambition is to open a chain of regional centres similar to the Ebbw Vale plant on sites near sheet steel mills.

"By working alongside the steel mills we can regulate supplies of sheet steel and keep purchasing costs to a minimum, while giving a fast service of accurately cut components to industry in the surrounding catchment areas," he says.

Within two years the Fereligh plant is expected to be handling 20,000 tonnes of sheet a year from Llanwern steelworks, South Wales, and from the new British Steel coated steel lines at Shotton, North Wales.

Sheet metal blanks cut by numerically controlled techniques can prove attractive to manufacturers for quite large production runs. The most important saving is that no tooling is involved for the production of a design. The cutting and drilling machinery is wholly controlled by taped instructions.

Fereligh's marketing philosophy is that, if it is to succeed throughout Britain and the European Community as a supplier of partially-made components to industry, the steel it sells has to be cheaper than steel formed by traditional metal cutting and drilling methods on the factory floor. At Ebbw Vale, prices are being held down by measuring and cutting as much as possible of the bulk steel sheet rather as a tailor's cutter marks his cloth.

Material remaining after cutting is graded and stored for use on other orders. By matching orders against offcuts, Fereligh calculates it can undercut all conventional factory metal cutting. Its profit will depend upon the virtual elimination of steel waste.

Steel stockholding companies in Britain have become increasingly interested in the idea of working on steel before supplying it to their customers. Their object is to increase the added value of their activity by supplying a partially-finished product instead of a material.

A number of stockholding companies have invested heavily in cutting and shaping equipment. Some have borrowed the original American phrase for the activity by calling themselves steel service centres.

British Steel has itself invested heavily in stockholding as an outlet for its steel. It is still building up toward a 15 per cent share of the British market.

The Fereligh plan now seen at Ebbw Vale is not stockholding. It goes far beyond the supplying of customers with steel in shapes and cut lengths.

British Steel *is* sufficiently enthusiastic about the Fereligh idea to have guaranteed the leasing arrangements for the equipment in the new factory. The corporation has also assisted in the recruitment of redundant steelworkers to man the new plant.

The venture must be regarded as an experiment until the response of manufacturing industry can be judged. If the business in steel blanks cut by numerically controlled tools builds up, British Steel can be expected to support the installation of more plants, associated with steel works, either by Fereligh or others.

The corporation has lost ground heavily to imported sheet steel in recent years and is desperate to make new contacts with industry to regain the traditional volume of its business.

TWO NEW FACTORIES FOR EBBW VALE

Ceramics plant to employ 160

BY ROBIN REEVES, WELSH CORRESPONDENT

THE FIRST ceramic tile manufacturing company to be established in Britain for 40 years was announced yesterday. It will start production at Ebbw Vale, South Wales, next year.

The £2m venture is being established by Carnival Industrial Investments of London, a leading tile importer, with the backing of the Welsh Office, BSC (Industry)—the British Steel Corporation's industrial diversification arm—and funds from the European Coal and Steel Community.

The production unit, which will have a capacity to manufacture 770,000 sq metres a year of both floor and wall tiles, will occupy an advanced factory on the Welsh Development Agency's Rassau Industrial Estate.

The estate is being specially planned to attract new employment to Ebbw Vale to replace jobs lost as a result of the steel-making rundown.

The company, which will trade as Carnival Ceramics, will employ 160 workers.

The British market for ceramic tiles has expanded greatly in recent years—to some £93m a year it is calculated—notably because of the growth in the do-it-yourself and home improvements markets.

Carnival aims to substitute between 10 per cent and 14 per cent of the tiles imported to Britain which have grown from a negligible quantity in the early 1970s to around 28 per cent of the market today. The new Carnival manufacturing unit will add 3 per cent to total British ceramic tile production.

Based on the existing levels of inquiries, Carnival believes there is also export potential to the Middle East, Northern Europe and U.S. markets.

The technical contract for building the Ebbw Vale plant has been awarded to Studiceram Spa of Milan which will be installing new generation kilns capable of achieving a 30-40 per cent energy saving compared with British manufacturing methods. Production director will be Mr. Ken Green, formerly technical director of Richards Tiles.

Ceramic tile production in Britain is dominated by H. and R. Johnson of Staffordshire which has an estimated 64 per cent share of the market. Second is Pilkingtons' with an estimated 28 per cent share.

UK NEWS

North Sea mistakes may cost £100m

BY RAY DAFTER, ENERGY EDITOR

THE ENERGY Deparament may have wrongly granted more than £100m to the North Sea oil supply industry, it was learned yesterday.

The Department, which has already admitted sanctioning £52m grants in contravention of Government rules and guidelines, said that its internal investigation might well reaveal a much larger sum.

An official said that the £52m had come to light as a result of a check on 222 of the 555 awards made under the Government's Investment Relief Grant Scheme. Department officials were now checking and rechecking each of the cases.

As the whole scheme is providing betwen £150m and £160m in aid to offshore suppliers it was quite possible that other cases of "maladministration" would be found.

Mr. William Hamilton, Labour MP for Central Fife and a member of the Commons Public Accounts Committee which is investigating the blunder, said that companies could well have received "nearer £100m" than the reported £52m

A dozen senior Civil Servants have been severely reprimanded for the irregularities described by Mr. Joel Barnett, chairman of the Public Accounts Committee as a "story of inefficiency, incompetence and inadequate staff and supervision." One senior Civil Servant has also resigned although the Energy Department pointed out that this was for "personal reasons" and not because of the wrongly awarded grants.

Although only £13.5m worth of the irregular grants (those known to have been sanctioned) have actually been paid to companies it is expected that the Department will continue to allocate the remaining £38.5m. "The companies' claims, though made after the qualifying period, have been accepted. There is a commitment to pay," he said.

However, the payments could be stopped either by order of ministers or by Parliament.

Norwest Holst chief executive leaves

BY MICHAEL CASSELL

MR. TED BRIAN, chief executive of Norwest Holst, the building and civil engineering group, has unexpectedly left the company. It is understood that his sudden departure follows a policy disagreement.

Mr. Esmond Baucher, chairman of Norwest Holst, would not elaborate on a short statement issued yesterday saying that Mr. Brian was no longer with the company. It is believed that Mr. Brian left on Wednesday after a disagreement with the other three members of the board.

Mr. Ian Scarborough, who joined Norwest in 1970 and for the last three years has been managing director of its western division, has been appointed managing director of the group. Mr. Scarborough is 44 and before joining Norwest Holst spent ten years with John Laing.

Mr. Brian joined Norwest in 1975 from Trafalgar House Investments, where he ran Trollope and Colls and Cementation International. In the year he arrived, Norwest recorded pre-tax losses of £3.87m and he implemented a rationalisation programme and introduced new accountancy procedures to put the company back on its feet.

In the 12 months ending March 1979, the group made a pre-tax profit of £5.4m on turnover of £119.7m.

The group is still under investigation by the Department of Trade which announced in May 1977 that it was appointing inspectors to examine its affairs.

U.S. holiday price war spreads

Financial Times Reporter

THE PRICES war for transatlantic package holidays spread yesterday as a third major tour operator announced offers which may tempt more tourists away from the Mediterranean to the U.S.

Intasun will charge a starting price of £179 for a flight and a week's accommodation in a first-class beachside hotel in Miami. Earlier this week, Cosmos offered a two-centre holiday at Miami Beach and New York for £195, including transatlantic and U.S. internal flying. Thomson will charge £269 for a fortnight in Miami, with top class hotels and flights on scheduled airlines.

Intasun's U.S. holidays are concentrated in Miami and the Bahamas. Mr. Harry Goodman, the chairman, said: "We think there are sufficient cheap ways to visit the big cities like New York. We believe Miami Beach is a logical alternative to traditional European resorts.

Like Cosmos, Intasun has been able to offer low prices through an agreement with Laker Airways. Laker will operate daily DC 10 flights direct to Miami—four a week from London and three from Manchester.

Intasun has added about £50 for the British high season months of July and August, but a whole month can cost only £266 in November.

Airline may miss £100m target

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' profits for the 1979-80 financial year to date are running well below the level needed to hit the target for the year of £100m after interest and tax. Last year's profits after interest and tax was £77m.

As a result, Mr. Roy Watts, chief executive, is asking all staff for a renewed effort to improve the airline's productivity and financial situation.

He said in today's issue of the airline's newspaper that even if higher fuel bills are ignored, the unexpected strength of the pound alone has meant that the airline's financial results so far this year are some £70m short of their target.

"British Airways is by no means alone in being hit by the rocketing price of fuel and other adverse economics factors. It looks as if the world's airlines in general will not achieve an operating surplus this year, in spite of substantial traffic growth.

"But that does not comfort us one little bit, for it is from our profits that we must find cash to replace and expand our fleet and thus ensure the survival and growth of the airline.

"Therefore, it must remain our task in British Airways to achieve our planned £100m profit this year.

"Our immediate problem is one of excessive cost, because of the price of fuel, and a shortfall in revenue, resulting from the reduced sterling value of the money we earn abroad.

"It is not that business is bad; our traffic continues to be buoyant. Up to the end of July, it was cumulatively about 4 per cent above budget (and, over the course of the year, every 1 per cent by which our traffic beats the budget is worth more than £15m).

"If it stayed that way, our financial forecast would clearly be improved. But we can't assume that it will. In the face of all the uncertainties we are reckoning that at the end of the year traffic will have been no better than budgeted.

"Meanwhile, we are making a great effort to improve our results by our own efforts. The five per cent cut that I forecast in our winter flights programme, which will save expensive fuel, should represent a £10m improvement in our results.

"We have reduced our cash requirements by cutting back our non-aircraft capital spending plans for the rest of the year by over £40m. Our Good Housekeeping exercise, following up dozens of comparatively small potential economies, will save us over £2m.

"At the same time, we must take great care, that in spite of the volume of low-fare traffic that is offered to us, seats continue to be available at short notice to the business traveller, who pays a higher fare and cannot plan his movements far in advance."

Call for tighter parliamentary control of public spending

BY DAVID FREUD

PARLIAMENTARY control of public finance was inadequate in Commonwealth countries as a whole it was agreed at a meeting of Commonwealth MPs held in London this week.

The meeting, organised by the Commonwealth Parliamentary Association, decided that the effectiveness of both the executive's management of expenditure and the legislature's scrutiny of proposals and their execution should be improved.

The members of the group were Mr. Edward du Cann, former British public accounts committee chairman, Mr. D. M. Connolly, Australian PAC chairman, Mr. Errol Barrow of Barbados, Mr. Robert Andras of Canada, Mr. Shri Satish Agarwal of India, Mr. Datin Paduka Rafidah Aziz of Malaysia and Mr. F. X. Nkhoma of Zambia.

The group agreed that while public accounts committees, backed by the comptrollers and auditors-general, performed a valuable function in Commonwealth parliaments, there was not enough follow-through.

There was a need to scrutinise revenue and expenditure together. A widely recognised constraint was the lack of financial expertise among MPs and a shortage of trained staff

Mr. Peter Riddell of the Financial Times, was rapporteur to the group and his report of the meeting, incorporating a review of current practice and recommendations for improvements, will be published in the new year.

Goods and services volume up by 2½%

BY DAVID FREUD

THE VOLUME of goods and services produced in the UK increased by 2½ per cent between 1977 and 1978, slightly faster than the average of 2 per cent experienced over the last 10 years.

This was the average of output, expenditure and income measures of gross domestic product, published today in the 1979 edition of the National Income and Expenditure "Blue Book."

Real personal disposable income rose by 7 per cent. This increase in personal incomes after allowing for the effects of price and tax changes represented a recovery from the depressed levels of 1975 to 1977 and was the largest year-on-year increase since 1972. It was 5 per cent higher than the previous peak in 1974.

Drink

Total consumer spending amounted to £96bn in 1978, equivalent to £1.720 per head of population. An analysis of the pattern of expenditure shows that over the last 10 years the share taken by food, clothing, footwear and tobacco has fallen, while there has been a rise in the share taken by housing and alcoholic drink.

The increased share taken by housing is due to an increase in housing costs relative to other items, while expenditure on drink, the third largest item in expenditure, seems to have been partly in response to its fall in relative price terms.

There was a remarkable increase in expenditure on cars and motor cycles of 30 per cent in real terms between 1977 and 1978. This element of consumer spending is volatile because expenditure on consumer durables can more easily be postponed or brought forward.

The Blue Book also shows that the volume of foreign visitors' expenditure in the UK more than doubled between 1968 and 1978, when it accounted for 3 per cent of all consumers' expenditure.

North Sea oil and gas industries made an increasing contribution to the total of company profits in the UK. Before 1976 their profits were negligible and sometimes negative. In 1976 they accounted for 4 per cent of industrial and commercial company profits. This rose to 12 per cent in 1977 and 14 per cent last year.

Gross national product, the total income of all UK residents, rose from £125bn in 1977 to £143bn in 1978, a rise of 14 per cent unadjusted for price changes.

Gross national disposable income at constant market prices rose by 4½ per cent between 1977 and 1978. This is a measure of the volume of goods and services available to the nation from its disposable income and is calculated by adjusting GDP for changes in the terms of trade and for net earnings and transfers from abroad.

The measure rose considerably more than GDP mainly because world commodity prices fell over the period and sterling was stronger in 1978 than in 1977. Over the past 10 years real national disposable income rose by an average of 1¾ per cent a year.

In 1978 export volume increased by only 2.1 per cent, following two years of high growth. Imports rose 4 per cent, a much larger volume increase than the ½ per cent recorded for 1977.

Largely reflecting the improvement in the terms of trade, 1978 was the first in the last ten years when the increase in the value of exports exceeded that for imports, while the rise in the volume of imports was larger than that for exports.

For the last two years the increases in self-employment income were lower than the increases in employment income. While employees' income rose 10.7 per cent in 1977 and 14 per cent in 1978, the self employed had increases of only 8.7 per cent and 12.5 per cent.

The volume of government spending on goods and services fell by 1 per cent between 1977 and 1978, rather less than the fall of 3¼ per cent between 1976 and 1977.

Homes

Within this total, government expenditure on fixed investment fell by 15 per cent to £3.4bn at 1975 prices, the lowest total since 1963. The fall in fixed investment over the past few years mainly resulted from the severe cut-back in local authority house building.

In contrast, the volume of current government expenditure rose slightly in 1978 to its highest-ever level. Military defence current spending fell to its lowest level for the last 10 years, while spending on the National Health, education and social security benefits were all higher than at any time since 1968.

National Income and Expenditure, "Blue Book," 1979 edition, Central Statistical Office, SO, £9.

Find alternative funds, universities are urged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

UNIVERSITIES were yesterday urged to make greater efforts to obtain funds from industry and other private sources to avoid the dangers of stagnation.

Mr. Peter Balfour, chairman of the Scottish Council for development and industry, told a conference of the Association of University Teachers in Scotland that little retro-Government funds would be available for the next decade.

U.S. universities, were accustomed to generating funds from their own activities. Because their teaching staff were appointed for only relatively short periods, many refreshed their knowledge and experience by working outside the academic system.

But in the UK, Mr. Balfour said, "the fear of unemployment militates against risk-taking. University teachers often thought that the system would provide them with an occupation for life.

"There are all the makings therefor stagnation and ossification of the system which would lead to a lowering of standards which would be felt right throughout the country."

He added that many students seemed to regard their courses only as a means to gaining a certificate which entitled them to preferential treatment in the working world. Very few seemed to gain any other benefit from their studies.

"If then, for whatever reason, we have created an elite, it behoves us to see that it is a real elite, otherwise a vast amount of educational resources will have been wasted and will continue to be so."

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Why these top journalists joined.

Some of their faces you'll recognise at once. Others are better known amongst their colleagues in Fleet Street. Together they make the most exciting team of journalists ever brought together on a single enterprise – the launch of NOW! the weekly news magazine.

NOW! is something entirely new in the British Press. Why have these and many other top journalists from newspapers and television decided to join?

Anthony Shrimsley, Editor-in-Chief: The launch of NOW! will open a new chapter in British journalism. That is a prospect which would excite any editor in Fleet Street.
Patrick Hutber, Economic Commentator and Associate Editor: NOW! offers me the chance and the challenge of creating an entirely new kind of business section.
Michael Crouch, Managing Editor: NOW! Magazine will open up a completely fresh concept in the projection of significant events.
Jeanette Collins, Art Director: The format of NOW! provides the opportunity to blend photography, design and the written word in a way which no newspaper can.
Kathryn Samuel, Fashion Editor: I shall have the chance to combine intelligent writing about fashion with full colour photography.
Elkan Allan, TV Editor: Too many papers treat television as an afterthought. NOW! Magazine will give TV the creative treatment it deserves.
Jon Lander, Associate Editor: NOW! Magazine is the most important development in journalism since the arrival of television news. I wanted to be part of it.
Frank Johnson, Political Commentator: I regard the creation of NOW! as the most significant journalistic development of my lifetime.
Robert Hargreaves, Assistant Editor (International): I know that NOW! will bring home to Britain the real importance of world affairs.
Brian Hitchen, Assistant Editor (News and Projects): NOW! will be able to give the news a depth ordinary newspapers just cannot attempt.
Rivers Scott, Literary Editor: NOW! will project books and authors with a prominence most other publications could not even contemplate.
Chris Dobson, Reporter: NOW! will have the stories the others will have to follow. That's what news is all about.
Tom Hutchinson, Film Critic: What is exciting is that I shall be able to treat cinema as a living art rather than just a peep show.
David Loshak, Science Editor: Science and medicine affect every aspect of our lives. NOW! will explore and explain developments that will take us into the 21st century.
June Stanier, Picture Editor: NOW! will bring a totally new dimension to the use of news photography.
Robin Oakley, Assistant Editor (Political): NOW! will tell you what is really happening in the world of politics.

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UK NEWS—LABOUR

Chrysler warning unheeded

By Arthur Smith, Midlands Correspondent

CHYSLER UK's warning that the Ryton plant, Coventry, will be closed within weeks unless the 10 week strike is ended made little impact on leaders of the 2,000 workers.

Mr. Bill Lapworth, Midlands officer of the Transport and General Workers' Union, said after a meeting of the Ryton stewards that support for the strike was now likely to be stronger.

Management had merely stated terms to the trade unions rather than entering constructive negotiations, he said.

Mr. George Turnbull, chairman of Chrysler UK, intervened in the protracted dispute for the first time with a warning that closure would be necessary "in a matter of weeks rather than months." He insisted that the only way to assure the long term future of the company in Britain was to improve productivity. He suggested that under the company proposals Ryton workers who resumed production would immediately earn an extra £8 a week.

Chrysler has responded to the workers' 20 per cent pay claim with an offer of 5.5 per cent plus a self-financing incentive scheme.

Mr. Lapworth dismissed Mr. Turnbull's intervention as "simplistic." A mass meeting of Ryton workers had been called for next Monday. Once they had details of the negotiations, Mr. Lapworth was sure workers would vote to remain on strike.

Ryton, which assembles Alpine cars, is vulnerable because the same vehicle is made by Chrysler France at Poissy. However, the French plant can produce in one shift as many cars as Ryton manufactures in a week.

There is no sign of a break in the strike by 3,100 workers at Chrysler's engine plant at Stoke, Coventry, where 3,100 workers walked out nearly 10 weeks ago.

Stoke is more important to Chrysler as it supplies components to the truck plant at Dunstable and to Lynwood, Scotland, for assembly of the Sunbeam and Avenger cars.

Dunstable and Linwood yesterday accepted the company's pay offer.

Miners to press NCB for 65% pay increase

BY PHILIP BASSETT, LABOUR STAFF

MINERS' LEADERS will begin the "strongest possible" negotiations after submitting a claim for increases of up to 65 per cent to the National Coal Board in 10 days' time.

Left and right on the executive of the National Union of Mineworkers yesterday formally united behind the claim, as drawn up by the union's annual conference, of a minimum surface rate of £80 a week and a top coal-face rate of £140 a week.

As well as the claim on rates, Mr. Joe Gormley, NUM president, said the union would be seeking to emphasise differentials between various grades, the introduction of protection of earnings of miners who, for reasons of ill-health, have to leave the high-wage coal-face areas, and the examination of a four-day working week.

The claim will be presented to the board on September 24, and Mr. Gormley said after the executive meeting yesterday the union would be hoping for an early reply. It would then press for the strongest possible negotiations in order to report to the next executive meeting on October 11.

The union will also be pressing strongly for the date of the industry's pay settlement to be brought forward to November, which would place the 254,000 miners at the head of the pay queue. The insistence of a November date could place the miners as the first big industrial challenge of the winter to the Government.

Mr. Gormley said, however, that though the policy adopted by the union's annual conference enabled it to ballot on industrial action, that was not part of the claim, and was for the union to decide upon after the board's response.

Mr. Arthur Scargill, Yorkshire area president, said that the union was not jumping ahead of the pay queue. It had accepted 9 per cent in March and there had been claims conceded in the past six months which were in excess of 25 per cent. The union was simply pressing for a working wage for its members.

If the claim on differentials were met in full, the maximum and minimum for face workers would move from £84.95-£68.45 to £140-£96; for face craftsmen from £84.95-£71.95 to £140-£113.05; for other underground workers from £78.50-£70.80 to £126-£101.74.

Surface workers would move from £72.30-£61.35 to £100.80-£80, and surface craftsmen from £71.40-£63.75 to £100.80 to £84.87.

Bank staff merger in doubt

By Our Labour Staff

THE EXECUTIVE of the Banking, Insurance and Finance Union will this month discuss delays in its attempt to merge with the staff association at the Bank of England.

The union and the executive of the Bank of England Staff Organisation agreed some time ago terms for a transfer of engagements. The staff association was to hold a ballot of its 4,500 membership.

Since then, the staff association's executive voted 18 to 11 not to recommend the merger. Two executive members were absent from that meeting.

Although the executive still apparently wishes to proceed with the ballot, this has been delayed because of disagreements between the staff association and the union about some of the material that would be sent out to the mebership along with the ballot forms.

Mr. John Ward, the staff association's general secretary, who supports a merger with BIFU and, through that, membership of the TUC, said yesterday that the recent phased pay settlement of more than 20 per cent negotiated by the staff association had weakened the need for a merger in the eyes of some of his executive.

Seamen put in hefty claim

BY NICK GARNETT, LABOUR STAFF

AN EXTREMELY large pay claim, including "very substantially higher" basic wage rates, was lodged yesterday by the National Union of Seamen.

The union this year appears committed to securing fairly hefty increases, partly because its settlement last year was relatively modest in terms of the going rate established towards the end of the wage round.

Apart from big improvements in basic pay, the union is seeking substantial changes in overtime pay, consolidation and leave pay for the 34,000 members covered by the negotiations.

The General Council of British Shipping said yesterday that the claim included some "very costly" items and its response would be conditioned by the "continuing financial state of the shipping industry."

The council will be consulting its members over the next month before replying to the claim at the end of October. A settlement is due at the beginning of January.

The claim makes it clear that the union is prepared to accept the present overtime rate of time and a quarter for the first 16 hours of overtime above 40 hours. It wants higher payments above that, however. Average weekly working is 66 hours.

It is seeking consolidation of certain payments, including efficient working and able seamen certification pay, into basic rates. It also wants leave pay to be based on average daily earnings at sea rather than on basic rates.

The general state of the industry has picked up a little over last year but shipping companies argue that earnings of many ships are still not covering their capital payments and interest.

Present average earnings for foreign going able seamen are £98 at sea and £78 on leave. Minimum basic pay is £45.65, or £51.65 including able seamens' certification pay.

TV companies ready to reopen talks

BY GARETH GRIFFITHS, LABOUR STAFF

THE managing directors of the independent television companies said yesterday they were prepared to resume talks with the unions provided new technology and manning levels were included on the agenda.

The statement by the Independent Television Companies Association repeated the conditions laid down last week which were described by Mr. Alan Sapper, general secretary of the Association of Cinematograph, Television and Allied Technicans, as unaccepable.

Yesterday's meeting of the 15 ITV managing directors was aimed partly at showing a solid front for today's meeting of the Federation of Broadcasting Unions, which will discuss the five-week-olng cessation of transmission by the commercial channel.

Mr. Alf McBrowse, national officer of the Electrical and Plumbing Trades Uion, denied reports yesterday that his union was putting pressure on the ACTT to resume negotiations with the companies. The EPTU would act in concert with ACTT and the National Association of Theatrical, Television nad Kine Employees, he said.

Production of the next 12 episodes of the Muppets series could be transferred to France or Germany, Lord Grade, the chairman of Associated Communications Corporation, warned yesterday.

Speaking after the corporation's annual meeting, he said that a decision as to whether to move the series abroad would need to be made in the next fortnight.

Discussing the strike he said that the management's offer was "first class' and he believed most employees wanted to accept it.

Unions seek end to terminal dispute

A SOLUTION to the dispute that has stopped the opening of British Steel's new £100m iron ore terminal at Hunterston, Ayrshire, is in the hands of the Government, union leaders said yesterday.

The terminal was built to supply the giant steel plants at Ravenscraig. Its opening has been held up since June because of a dispute over whether 100 jobs there should go to dockers of the Transport and General Workers' Union or to workers from the Iron and Steel Trades Confederation.

The TGWU is seeking an immediate meeting with the ISTC in a bid to reach a compromise. It has asked the Government to settle the argument over whether the terminal should be regarded as a port by registering it under the National Dock Labour Board.

Mr. Patrick Mayhew, Employment Minister, says the Government would consider taking the step only if the unions reached agreement.

Mr. Hugh Wyper, TGWU Scottish regional secretary, said in Glasgow yesterday that his union would consider conceding some jobs to get the terminal operating.

But he warned that Hunterston would remain closed unless the Government said it would be registered.

Airport staff face lay-offs

By Our Labour Staff

MANCHESTER AIRPORT management said yesterday there could be large-scale lay-offs among its 5,000 staff unless an unofficial strike by 34 fire officers is called off.

The fire officers, members of the Transport and General Workers' Union, have been on strike for a week over a claim for a guaranteed 12½ per cent differential with firemen. A meeting between union officials and the management yesterday failed to reach an agreement.

About 220 flights a day have been cancelled and 50 staff at the duty free shop were laid off on Wednesday.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Optical fibre links under test

PLESSEY CONNECTORS has two new series of optical fibre connectors, the XFFO and XLFO. Both are undergoing field trials with the Post Office and the Ministry of Defence and will be shown in public for the first time at Telecom '79 Geneva, September 20-26.

Designed primarily for telecommunications and defence applications, the series has been developed by Plessey Connectors at its own laboratories in Northampton. They form part of the company's continous optical fibre connector research programme, first established by the earlier patented development of a six-way component capable of connecting up to six separate fibres simultaneously with a low loss yield of around 1.5dB per fibre.

New developments include a single way ferrule connector, the Series XFFO, and a single way lens (expanded beam) unit, the Series XLFO.

XFFO is presently undergoing field trials on the experimental Maidenhead to Slough 8m/bits optical fibre system line now being developed by BICC and Plessey for the Post Office; the selected route represents an approximate distance of 14 km, with one dependant repeater located about 4 km from Slough.

Series XLFO is the smallest variant of the three basic styles of optical fibre connector now being developed by Plessey. Initially designed to accept up to 400 micrometer core silica or plastic-coated silica fibre with attendant insertion losses of the order of 2.5 dB, the unit offers instantaneous connection to primary electro optic devices while ensuring total fibre end protection.

Assembly comprises fitting prepared fibre into a ferrule with a stepped outer diameter. The completed unit is subsequently inserted into the rear of the connector body and is aligned in both the radial and axial position by the ferrule shoulder; the back-ended assembly is completed by the fitment of a special heat shrink sleeve. Overall assembly is completed by the corresponding fitment of the sphere lens and index matching media to the front end of the connector.

Plessey Connectors, Kingsthorpe, Northampton NN2 6NA. 0604 712000.

● INSTRUMENTS

Takes a rain check

THE PERIPATETIC housewife could benefit greatly from a probable addition to her kitchen furniture with the installation, on the kitchen wall say, of a plastic box which contains a gold-plated rain sensor which warns her it may be time to bring in the washing before a downpour negates her earlier efforts.

At the first drop of rain, an instantaneous audible warning is given by the Rain Check, says Chromatronics, Coachworks House, River Way, Harlow, Essex (0279 418611).

● TRANSPORT

On or off-road trailers

LATEST ROAD trailers to be built by Scottorn include a 16-tonne drop frame model and a 3½ tonne trailer for general site work.

The larger unit has a hand winch, is 26 ft long and has three seven-tonne capacity axles. There are twin wheels on all axles and the trailer is thought to be of particular use on or off the road to the construction industry.

The smaller trailer is designed for use with off-road tractors and its body is tipped by a ram operating through the towing vehicle's hydraulic system. The body will tip three ways.

It has hinged side and tail boards and has a single axle and hand parking brake. Scottorn's headquarters are at Chartridge, Chesham, Bucks.

● MATERIALS

Saves energy when making steel

SKF STEEL of Sweden is to build the world's first plasma plant for the production of sponge iron—a major breakthrough in energy-saving furnace techniques.

Sponge iron is a major ingredient in the company's manufacture of high grade special steels and the new plant being installed at the main steel mills in Hofors, 100 miles north west of Stockholm, is expected to produce some 70,000 tons a year. Work on the plasma plant will begin later this year.

SKF Steel has been experimenting with plasma technology for five years and pilot tests show that energy consumption in metallurgical processes can be cut dramatically. Indications are that energy cost savings could be as much as 30 per cent. Essentially, the process consists of passing the process gas through an electric arc heater, producing temperatures of up to 7,000 deg.C. This also has considerable quality and environmental advantages in that less sulphur dioxide, tar and carbon dioxide is emitted at these temperatures.

In addition, the new process, which on a production scale is known as "Plasmared," permits much greater flexibility in the choice of energy sources than do conventional furnace systems. For example, oil, gas or coal can be used. Further, a plasma-based metallurgical process is profitable at relatively low production levels, making it particularly interesting to special steel producers.

SKF Steel, Scandinavia's largest producer of special steels, bars, tube, strip, wire and rings, has been a world leader in the development of advanced steel making techniques. Together with ASEA, it has been responsible for 35 major plants for the treatment and refining of crude steel in different parts of the world.

With the Plasmared project under way, the company has now embarked on further research with the object of producing hot metal directly from ore concentrates via smelting reduction in a plasma-based process—without sintering and without the use of expensive metallurgical coke.

SKF Steel's UK base is at Newport Pagnell, Bucks.

Makes better moulding tools

A HIGH-STRENGTH rolled aluminium alloy, stress relieved specifically for easy machining and polishing to fine tolerances, is now being offered by Alcan Plate of Kitts Green, Birmingham 33, as a moulding tool material for the plastic and rubber industries.

The plate is available in thicknesses from 8 mm-150 mm. It will be distributed in sizes cut to customer requirements up to a maximum of one metre by two metres.

The material is called Dural 79 and is claimed to offer a number of significant advantages over traditional moulding tool materials. For example, it can be machined at high speeds and is more rapidly and easily polished than steel. Its high thermal conductivity has been shown to give increased moulding rates of up to 30 per cent in comparison with conventional moulds, says Alcan.

Although no further surface treatment is generally required after machining, the alloy is suitable for hard anodising, nickel and chromium plating and can be repaired using standard aluminium welding techniques.

● OFFICE EQUIPMENT

Machine carries out many functions

A FURTHER example of the trend to amalgamate several office machine and information functions in one electronic system is afforded by the 6670 "Information Distributor" just announced by IBM.

In these early days of the "electronic office" the decisions as to what to pull together into one unit so as to maximise sales to the market of the next few years are obviously difficult because many of the tasks — printing, copying, communications, word processing and so on are already present in a fragmented way in many modern offices of any size.

IBM has decided to opt for advanced text manipulation, laser printing, data/text communications and copying in a single cabinet measuring 1,981 x 1,016 x 698 mm (78 x 40 x 27.5 ins).

One of the manipulation abilities of the machine is to take the text of a letter for example, recorded on a magnetic card from a typewriter and reprint it in another format, for example with half or fully justified right hand margin, italicised headings, double line spacing, proportional spacing or another type fount, of which nine are available.

Alternatively, text can be received over a communications line and printed, or it can be stored on an internal disc for recording on a magnetic card. It is also possible to merge data such as name, address and account number, transmitted from a computer, into a text of say, a letter, held locally on a magnetic card. The machine will even print the name and address on the reverse side of the letter sheet so that when folded, the address will appear correctly positioned in the envelope window.

The unit can hold up to 50 magnetic cards at a time printing the first set of pages at up to 200 characters/sec and subsequent sets (from disc) at up to 1,800 characters/sec, or 36 pages a minute.

An important facility is that of "condensed format printing" in which the kind of computer data that usually appears on fan-fold paper can be reduced to A4 size to match the rest of a report. These computer pages can be printed in upper and lower case, on both sides of the paper if desired and can be electronically collated, or they can if necessary be committed to magnetic card.

Communications facilities of the 6670 allow the machines to talk to each other, or to an IBM office system 6 or to the company's magnetic card units.

High-priority documents recorded on the magnetic cards can be sent very quickly. For example, a 2,500-word letter can be sent in 15 seconds over a 4800 bits/sec switched line so that, if the costing can be seen to be satisfactory, the prospect arises of sizeable companies sending inter-locational letters in this way. Beyond that, however, the question of the Post Office mail monopoly will presumably arise.

As a convenience copier—a conventional electrostatic machine built into the cabinet—the 6670 provides semi-automatic document feed with copying on to plain bond paper, letterhead paper, offset masters and transparencies at up to 36 copies/minute.

If the machine is in the middle of a run involving the laser printer and/or communications, a few copies can be made by someone else simply by pressing a button and carrying on. Afterwards the machine will automatically resume the task that was in progress.

For the time being, the 6670 will only be available in certain parts of London, and delivery is six months. The machine can be bought for £51,152, or can be rented.

More from Office Products Division, 28 The Quadrant, Richmond, Surrey TW9 1DW (01-940 9545).

GEOFFREY CHARLISH

● TEXTILES

Fabrics for tarpaulins

CONCENTRATION of research by Yorkshire clothmaker Joseph Newsome has resulted in the production of tarpaulin fabrics which it claims more than meets BSI standards and at the same time uses only 70 per cent of the yarn required for conventional tarpaulins.

The company says that its product will not tear and is much more resistant to water penetration when the outer surface has been abraded by wear. It adds that the fabric-forming process can be carried out at least 10 times faster than modern weaving machinery. The machinery involved is very cheap in relation to output, it is stated.

Newsome is now planning the setting up of a joint enterprise to exploit its new fabric and is looking for a suitable company to take part.

Details about the project can be obtained from Mr. J. H. Kean, managing director, Joseph Newsome and Sons, Victoria Mill, Batley, West Yorkshire WF17 6JF (0924 464194).

● COMPUTING

Finding the number

A METHOD of selecting and retrieving information from computer files at rates up to 50 times faster and at half the cost compared with existing software-based equipment is offered by ICL.

Operational trials of a prototype system have been undertaken for Post Office telephone directory inquiries at exchanges in Leeds and Leatherhead. The test base was 6m names, placed in a contents addressable file store. This system is being marketed worldwide under the name CAFS 800 by ICL.

The latter says trials carried out on this new development have shown that it can handle up to ten times as many simultaneous inquiries as other competing systems.

CAFS has already been evaluated by several organisations for such applications as personal credit control, across-the-counter customer service, bibliographic retrieval people-matching, map cataloguing and retrieval.

Operational trials on the computerised information retrieval system (known as DQCIR) incorporating a prototype CAFS subsystem have been undertaken since last November by the Post Office for telephone inquiries.

To do this, 12 visual display units have been installed in the Leeds and Leatherhead telephone exchanges and are connected on-line to an ICL computer in Bracknell.

Operators using DQCIR handle about 20,000 inquiries a day. For each inquiry the operator gets response, on average, in less than two seconds.

Overall effect during the Post Office trials has been an improvement on average work time of some 20 per cent says ICL. Operators have found that DQCIR is easier to use than looking through the 60 volumes of books in which directory entries are held.

CAFS was originated at ICL's research and advanced development centre in Stevenage, Herts. Hardware for it is being manufactured at ICL's factories in Letchworth, Herts. The software is being written at the company's development centre in Bracknell, Berks. The first CAFS 800 subsystem for customer delivery will be available in mid-1980. It is being run on 1900's plus the micro-based file but will be implemented on 2900 machines. ICL. 01-788 7272.

● SAFETY

Shows the location

A FIRE alarm system valued at £69,500, has just been ordered by British Aerospace from Modern Alarms, Herbert House, 71 Cornwall Street, Birmingham (021 236 0373).

Unusual feature of the system is that separate sector alarm panels are all to be mounted on the external faces of buildings so that the works fire brigade can swiftly locate the area involved.

Fully weather proof panels are fitted with a lockable hinged door with a glass panel and, in addition to the standard, facilities include a key operated master control switch ensuring that the system may only be silenced and re-set by authorised personnel.

The fully monitored package consists of 200 break glass call points and 200 alarm bells together with eight sprinkler connections.

● PROCESSING

Will pump precisely

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Alan Friedman on a prominent early 1970s entrepreneur trying to revitalise a Birmingham metals group

Jessel makes a splash at Dogpool Mills

IT WAS in the year 1767 that the first mention was made of Dogpool Mills, the present premises of Charles Clifford Industries, the Birmingham-based metals group. The name of Mr. Clifford was first connected with the plant in 1864. The company did not become public until a century later.

These roots, which can be traced all the way back through the Industrial Revolution, have been a source of both pride and frustration for the present long-serving employees of the company.

The 600 employees, together with the company's shareholders, have known some lean, even distressing years in recent times. The company, a victim of classic malaise in British industry (antiquated plant and machinery, lacklustre morale and uncertain management), has seen a string of directors over the last decade. It has moved from loss to negligible profit and back to loss again, besieged by arrears in the delivery of orders and a long column of angered and departing customers.

But change has begun to appear on the horizon. Last year, Oliver Jessel, the entrepreneur who figured prominently in the early 1970s business boom, acquired a 30 per cent share in this non-ferrous metals group, making the purchase through another company, Clairmace. He became the new chairman and quickly brought in a new team which embarked upon a programme of radical change and modernisation, the likes of which have not been seen since 1767.

As a result of the new management's efforts, the Charles Clifford group has turned in first half profits this year of more than £200,000—a sum which is higher than combined earnings since 1974. Some of the group's former directors claim that this represents nothing more than stock profits on metal which has been sold off, but the present management maintains that no more than 25 per cent of interim profits for 1979 were made in such a manner.

Nevertheless, the appearance of Mr. Jessel onto the scene at Dogpool Mills, the main metal extrusion plant, has made life rather interesting for employees and shareholders alike. The story of the new management's activities during the past year is one of change and upheaval, with prospects for the future still unsettled.

When Oliver Jessel and his newly recruited managing director, Basil Aucott, arrived at Dogpool Mills last summer to survey the group, they found a metals company in shambles. The plant and machinery there is more than half a century old and the production flow is therefore organised in an extremely archaic manner.

What the new management also found was a set of assets worth far in excess of the value of the shares, which had lured many shareholders over the years. The particular 30 per cent share now held by Mr. Jessel had changed hands no fewer than six times in the seven years through 1978. Despite this rapid turnover no major attempt was made to modernise Charles Clifford: it was regarded as a prime example of inefficient British industry, beyond salvation.

The plant at Dogpool Mills, just outside Birmingham, is divided into two parts, the foundry and production shops. The plant takes in four types of input: these are ingots, its own customers' scrap, merchant graded scrap and its own process scrap. These materials are fed into electric furnaces and processed through static and continuous casting machines.

The main company, Charles Clifford Limited, is capable of producing up to 80 alloys and specialises in high-quality zinc wire, phosphorbronze rods and copper and brass strips. Two smaller sister companies (Metallisation and Metallisation Services) specialise in producing metal spraying equipment and in spraying on a contract basis. Average group annual turnover has fluctuated greatly during the past decade and the profits record has been equally chequered.

The group's customers are diverse; they range from Rolls-Royce Motors (phosphorbronze for engines) to Ford (silicon brass for Cortinas) to the Ministry of Defence (alloys for nuclear submarines and aircraft).

Despite an impressive array of customers, however, things had deteriorated so badly by last year that customers were jumping ship. The main reason why they were leaving Cliffords was that the group had been unable to make good on delivery promises, sometimes running six to eight weeks late.

Threatening

The staff of Charles Clifford was quite surprised when their new chairman, Mr. Jessel, arrived early one morning during the summer of 1978. As one former executive explained: "I read about the Jessel takeover in the Daily Mail at a quarter to nine and he showed up at five past. By nine thirty he had called half of the senior staff in and was making threatening noises."

On "Day One" the directors were assembled in the group's board room and scrutinised from head to toe. All four group directors were replaced. The company was losing £10,000 a week at the time. This weekly loss, however, was apparently a temporary result of summer holiday difficulties.

The meeting went on all day; from all accounts it must have been an agonising one. "One board member excused himself at mid-morning, saying he had to take his son somewhere. I was doubled up with laughter," said Mr. Jessel.

The tale of woes continued for hours, with Mr. Jessel sitting and listening. "They said they were short of orders, but nobody could find the orders. They told us that 18 people had come and gone in the sales office in 1978, and this is an office which was supposed to have a total staff of only ten," said Mr. Jessel.

At the end of the first day, Mr. Jessel said: "I knew then that it would be okay because the company was in such bad shape that I couldn't do it any harm."

After studying the company, the new directors embarked upon a programme of management systems analysis. The entire organisation was changed and a restructuring programme was started. This included:

- Sacking half of the executive staff and replacing them with experienced veterans from competitors like Ratcliffs (Great Bridge).
- Developng a system of management control on the shop floor, a comprehensive plan for monitoring production and linking it with sales.
- Disposing of a loss-making Saudi Arabian venture, which had been entered into by the previous management.
- Instituting monthly management accounts, a basic procedure which had not been in practice.
- Making a £441,000 rights issue (in December, 1978) in order to provide more working capital.
- Reducing overdrafts from £1.8m down to £1.4m.
- Starting a modernisation programme in December 1978, which includes £1m for capital improvements over a two-year period, to be internally financed.
- Strengthening the sales force in order to increase the group's UK market shares in wrought metals from its present 12 per cent to a potential 20 per cent.
- Raising the prices of most products, especially loss-makers.

These changes, many of them seemingly basic, are now being made with a view to enlarging group earnings. Most stockbrokers who follow the company agree that within two to three years it is feasible for group pre-tax profits to reach £1m. Yet, Robert Park, a former long-serving Board member, is unpersuaded: "I'll believe it when I see it. I don't think the company has the capacity to do it."

Mr. Aucott, the new managing director, responded: "We have the potential, but to optimise our assets, we need to invest the money from profits and use our equipment 24 hours a day and seven days a week. I think we can do it."

The group's £1m modernisation plan is perhaps the most interesting facet of the restructuring of Charles Clifford Industries. The Board is confident that with a £200,000 Government grant and sufficient banking facilities among the three component companies, financing will not be a problem.

New casting machines which will help increase production are now being leased and more are on order. An Italian Properzi casting machine has been speeding up the group's lucrative zinc wire production (which accounts for 40 per cent of profits).

The two year plan also includes a revision of stock calculations and an increase in output. "When we arrived, the place was doing 20 tonnes a day and held a stock of 2,000 tonnes (about 100 working days). Now, we have 1,100 tonnes in stock and are producing 30 tonnes a day. This is partly a result of the new machinery, but it also has a lot to do with careful management," said Mr. Jessel.

Revamp

In fact, the new metals purchaser and the works manager, both long-time veterans of the competing firm of Ratcliff, have done a lot of planning to rectify what used to be a cycle wherein sales were held back by poor production and vice versa. The co-ordination between sales and production is a high priority these days, as is the other key improvement at Dogpool Mills—a complete revamping of the flow of production.

The organisation of production—from foundry to metal scalping to storage and testing facilities — is archaic and inefficient. A team is now working on a scheme for streamlining the flow of metals. This will be achieved by rebuilding parts of the plant and transferring components so that the entire operation is more compact.

In addition, there is some relocation of the separate companies; the metallisation spraying divisions are being headquartered at Dogpool Mills, instead of the former Teeside plant, which will be let in future.

The activities at Charles Clifford have attracted the attention of Stephen Cockburn, a director of the Rivermoor Management Services group, the management company of London Trust. London Trust is an entrepreneurial investment organisation with a strong interest in small, but promising firms.

Mr. Cockburn, who has been a small shareholder for three years, is now increasing his Clifford holdings to about 12 per cent, largely through the vehicle of Jove Investment Trust and similar clients of Rovermoor.

He explained his interest in Cliffords in terms of its potential and the need for modernisation. "This is a company with balance sheet assets of 250p and a share price which has hovered near 85p over the years. The old management certainly didn't do much for Charles Clifford. And then last year, Oliver Jessel came out of the blue and acquired 30 per cent at 130p (prior to the rights issue). I regarded the purchase of shares at that price as good news," he said.

Mr. Cockburn has recently been appointed to the Board and intends to play an active role. Outside observers say that his presence will be an important factor in balancing what some have seen as "impulsive urges" on the part of Mr. Jessel.

Leonard Burt

Oliver Jessel: unravelling the coils at Charles Clifford

Meanwhile, orders for July, 1979, were up 40 per cent over the same month a year ago. In addition, the sales force has opened 30 new accounts this year and deliveries (once a major problem) are now being met.

Estimates vary, but the Charles Clifford group may now be on the long road to recovery. Analysts and former directors alike often criticise the company's record, but they agree that interim profits for 1979 have exceeded expectations. More importantly, far from asset stripping, the new management is demonstrating commitment through its programme of reorganisation and capital improvements. As one observer noted: "If they fail this time, it won't be for lack of effort."

Meanwhile, Mr. Jessel is busy commuting from his London office up to Dogpool Mills, near Birmingham, where he spends two to three days a week. He says that he plans to remain with Charles Clifford for a long time.

"Having taken a frightful pasting in '73-74, I'm pleased to find that my experience has been valuable. I now intend to look after Cliffords and other situations," he said.

The chairman claims that the two-year plan has been carefully worked out. "We'll retain this site, turn over bits of empty space to other companies in the group, reduce the number of square feet needed for metal production and engage in a lot more activity to recover fixed costs like rates, security and pensions," said Mr. Jessel.

More philosophically, Mr. Jessel has been reflecting on the past: "I never want it to be as hectic as it was. I think you make wrong decisions in that sort of a situation. I definitely want to work for a bit. During my illness a few years ago, I was advised to rest, but I think once a man starts taking it easy, you can forget it."

Business books

It Can Be Done, edited by John M. Ryan. Scope Books, Kingsclere, Newbury, Berks. £4.95 and £2.75 (paperback). This is a series of case studies showing how entrepreneurs have established their own companies. It is designed to be the first in a series of such studies, with more to follow over the next two years. It includes such entrepreneurs as Owen Maclaren, an inventor who did not strike out on his own until he was 59, when he developed the Baby Buggy pushchair thus forming the basis of what is now an £8m a year turnover concern.

The Complete Guide to Managing Your Business. Published by Eaglemoss Publications, 87 Elystan Street, London SW3. £39.50. Most people running their own business find at some point that demands are being made of them to be an expert at everything, be it finance, marketing, accounting or employee legislation. Without the benefit of back-up specialist departments found in larger companies it is the single proprietor or a small caucus of owner-directors who have to find all the answers.

This book, as its title suggests, is designed to take the place of those specialist departments so that, for example, if a proprietor wants to know the options available to him when taking on a new property and what his legal position will be, he can find many of the answers at his fingertips.

There are 20 chapters, covering such areas as health and safety at work; Value Added Tax; insuring your business; inventions and patents; and exporting, and each chapter has been written by a specialist.

The book is produced in ring-binder form to enable additions to be inserted as changes in legislation take place. It is planned to up-date the book every two months and the purchase price includes the first year's updating.

Scrutable Japanese lessons for troubled UK managers

BY CHRISTOPHER LORENZ

AS ONE of the most widely travelled Japanese academics, with a long list of business school appointments in Europe and the U.S., Naoto Sasaki is used to explaining his nation's intricacies to inquisitive Western managers. Yet this ebullient Professor from Tokyo's Sophia University seemed genuinely puzzled at a London conference this week by the question from a hardened British production manager: "What do Japanese companies do about the 5 or 10 per cent of workers whose performance doesn't come up to scratch? Dismiss them?"

The question, of course, was a false one, based on the assumption that Britain's employee motivation problems are part of a universal pattern. Moreover, as Professor Sasaki had pointed out in his presentation to the conference—on "The Japanese approach to product quality management," organised by the Executant consultancy—it is general practice in Japan for companies to alter jobs to fit people, rather than vice versa.

Nor, to quote from a new book on "The Japanese Company"*, do managers in Japanese companies need the threat of dismissal to keep their employees in order. Both "sides" share the same social values, and in any case Japanese employees are virtually bound to their companies by various aspects of the famous "lifetime employment" system.

This term seemed to be familiar to most of the conference delegates, but there were still gasps of horror when Professor Sasaki illustrated its practical workings by showing how anyone but a very young man—or an extremely rare specialist—generally has to take a salary cut if he changes his employer.

His particular example was of a 49-year-old, who would start on less than half his previous wage with a new company, taking three years to catch up with longer-established employees. The net differential would be somewhat narrower, since he would receive full bonus payments — which in good years can double a basic salary — but the delegates still saw the system as a powerful deterrent to job mobility outside one's "lifetime company."

Its force was rammed home by Professor Sasaki's reminder that most of the larger Japanese companies pay the same rates, and on the basis of age, not job or qualification; not even if an employee takes the trouble to gain a top-level PhD in mid-career.

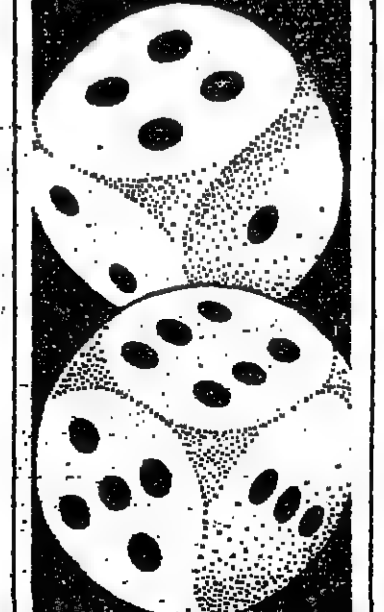
It is this salary system which facilitates Japan's famous "spiral staircase" approach to management careers, in which the average manager goes through a dramatic series of job rotations — a process quite distinct from the Western linear "ladder" of career development. *(The Japanese system was discussed in detail on this Page on August 1).*

Professor Sasaki sees the job rotation system as crucial to Japan's industrial success, and particularly to its prowess in production. From the moment they join the company, even the very best graduates spend years gaining direct experience of human relations with the shop floor — at first on the floor itself, where they are often trained by workers who left school in their mid-teens, later perhaps at plant management level.

In between, they may go back to headquarters, perhaps into the legal department, and may have a stint as a company representative abroad. "If you know you're going to do this sort of thing, you know you must develop good relations with workers," Professor Sasaki told the conference. From a company point of view, the same point applied, he suggested, quoting a survey which showed that "improvement of human relations" was one of the main reasons cited by companies for practising extensive job rotation.

The keys to the much-vaunted Japanese management system of "consensus formation" were simply the exchange of information, and seeing the other person's point of view, Professor Sasaki said.

* *The Japanese Company, by Rodney Clark; Yale University Press, £12.00. Reviewed on this Page on April 23, 1979.*



THE PROPERTY MARKET BY MICHAEL CASSELL

Heseltine warns land hoarders

MR. MICHAEL HESELTINE, Secretary for the Environment, this week warned nationalised industries and local authorities to stop land hoarding or face the consequences.

The consequences, according to the man who, after a spate of legislative proposals, is rapidly laying claim to the title of "the developers' best friend," will be a directive to put unused land on the market. Only if the owners can convince him that they have a valid and imminent use for it, will the land be left alone.

Under Mr. Heseltine's plans, a register is to be established covering several areas of the country, principally involving inner city and urban areas. On to it will go details of land held by local authorities, nationalised undertakings and various planning bodies.

Interested bodies will be able to look at the register, on payment of a small fee. An acre is likely to be the minimum qualifying limit for registration.

It could be money well spent for developers anxious to gain ownership of the numerous parcels of unused or derelict land which litter the centre of many major cities.

Neither the minister nor anyone else seems to know just how much empty but potentially useable land is available. Mr. Heseltine believes the nationalised industries are the major culprits and says he included the local authorities out *of a sense of fairness.*

The belief is that up to 50,000 acres of land on the fringes of urban areas are used up each year as developers are forced to move out and that *efforts to reduce* this alarming absorption rate could be materially affected by declaring war on recalcitrant inner city land owners.

Mr. Nigel Mobbs, president of *the British Property Federation,* thinks the Heseltine plan represents "a very worthwhile exercise." He believes that all too often land owners—invariably in the public sector—first claim that land cannot be made available because it is needed for "operational purposes" and then let it lie unused.

In the case of private land owners, he says, failure to sell is usually a reflection of lack of agreement by the planners. "Cash is a compelling motive for the private owners to sell, while such an incentive often appears to hold less sway in the public *sector.*

"My biggest fear is that the local planners will frustrate the potential for this type of initiative by claiming the land is needed for some grand design in the year 2000."

Go-ahead for Reading office site

TOWN AND CITY Properties has finally been given permission to develop its troublesome one-acre site at 27-43 Kings *Road, Reading*—after almost six years of waiting and two public inquiries.

Mr. Michael Heseltine, Environment Secretary, last week ended what he described as "the sad history of this site" when he overturned an earlier Department of Environment decision and granted planning permission for the development *of 85,000 sq ft of offices.*

It has been a costly wait for Town and City which has been paying a substantial ground rent since it acquired a long lease on the site with the *acquisition of Central District* Properties in 1973/74.

After all attempts to gain planning permission had failed —including an original appeal to the Secretary of State several years ago—Town and City last year attempted to force Reading Borough Council to buy their interest.

This too went to a public inquiry but now Mr. Heseltine has gone much further than the *group could have hoped.*

The decision will almost certainly embarrass the local authority which has placed an annual ceiling on new office development of 150,000 sq ft a year.

MEPC chief talks of BP pension post

MR. CHRISTOPHER BENSON, managing director of MEPC, expects the occasional conflict of interests as he takes his seat on the BP pension fund investment committee, which each *year decides on millions of* pounds worth of property purchases and sales.

"I suppose it is inevitable that from time to time I will have to put up my hand, declare an interest in a particular situation and temporarily remove myself from the decision-making process," says Mr. Benson.

He accepts that it is fairly unusual to find the managing director of a major property group in such a position. He has, however, replaced another property man, Mr. A. R. Marshall, who recently retired from the Board of Land *Securities.*

A chartered accountant, Mr. Benson joins five members of a committee which studies individual deals in the property sector and which meets monthly to review the fund's entire investment policy.

The others on the committee, which is answerable to the main Board of BP, are Mr. Angus Murray of the Prudential, Mr. Burnett Stewart from Robert *Fleming Holdings,* Mr. J. A. Falconer, a senior partner in Martin Currie, Mr. W. P. C. Grassick, a director of BP Trading and Mr. A. J. Butterworth, former investment director to the pension fund, who has since retired.

Mr. Benson says he was slightly surprised when first approached a few weeks ago but hopes that the cross fertilisation of ideas and information *between* other committee members and himself will prove valuable.

"Our primary function is to vet potential purchases and disposals. We are usually expected *to give* a verbal reaction to the proposed deal and then to submit a more detailed appraisal within about one week. We also meet regularly to keep an eye on the fund's *overall* investment strategy."

Mr. Benson admits that so far, his knowledge of the fund's investment portfolio is somewhat limited and he will be doing his homework in the coming weeks.

For the record, the market value of the BP fund's total investment portfolio stands at about £600m, making it one of the larger private pension funds. Property accounts for around one-third of its investments and the total fund has an annual income in the region of £60m. Each year, it invests about another £60m.

The Fund's property port*folio* includes the Knightsbridge Estate, bought in 1977 for £45m, the equally impressive Barclay Square Estate and the property holdings of Western Ground Rents around Cardiff, now being weeded out.

Developers bow to community demands for Coin Street

THE COIN STREET site on London's South Bank has not only become the subject of a planning marathon, but also the biggest case study yet of the lengths to which property developers have to go to win over local opinion by proposing a supplementary package of "community assets."

The controversy over so-called planning gain for the South *Bank area, in return* for consent for mixed development, began in 1953 when the old London County Council bought 16 acres of land there at £48,000 an acre.

The *public* inquiry into 10 applications put forward to develop the site reopened last week. When it finishes, Mr. Michael Heseltine, Secretary for the Environment, is charged with having to weigh up, on the one hand, the demands of Lambeth Council and a local action group and, on the other, private proposals to develop office space which could amount to the equivalent of nine Centre Points, with a capital value of around £400m.

The developers, chiefly Commercial Properties and Greycoat London Estates, have inserted into their plans a large chunk of community facilities. These have won the approval of Greater London Council and, to some extent, Southwark Council, which also has an interest in part of the site.

The GLC's planning chief, Miss Shelagh Roberts, has criticised Lambeth's plan to use the part of the site in its borough exclusively for council housing.

She says Lambeth is passing up the chance of £2m in rate income which could be used to rehabilitate three times as many homes in other parts of the borough.

The inquiry, with a bevy of planning QCs and well-organised action groups, looks as if it will go on for a long time, possibly until November. Progress has been so slow that the Heron Corporation walked out after a month complaining about the "intolerable expense and delay." It had proposed a 32-storey hotel, together with £4m worth of leisure facilities for the community.

Greycoat London Estates' original plan was for a hotel half the size of Heron's. But this week it presented an alternative proposal — 1.16m sq ft of offices, recreational facilities, a pier and a Thames footbridge.

Mr. Peter Thornton, a senior executive of Greycoat Estates, says: "We asked Lambeth and the Association of Waterloo Groups if they would like the 300,000 sq ft of housing we plan as part of our development at no cost."

Both refused to accept, thinking this might compromise their own applications at the inquiry.

Commercial Properties, plans 750,000 sq ft of offices at Coin Street, with studios, pubs, restaurants and theatre workshops.

Councillor Paul Rossi, chairman of Lambeth's town planning, says: "Some of the planning gains are things the council doesn't want. We have not asked for a pier or a new bridge.

"We are not prepared to consider being bought off with a bit of planning gain when the bulk of the plan is totally contrary to the Waterloo District Plan prepared by Lambeth Council."

Behind the controversy over the inquiry lies speculation over how long it will be until building work can start.

The developers want the planning procedure to finish quickly enough so they can negotiate with the GLC, which owns land on the site. There are only 18 months between the estimated end of the inquiry and the next GLC election.

Peter O'Connell

● **Townsend Thoreson is to sell the freehold of Voyager House in Poole, Dorset, for £2.1m to City Offices Company. Townsend, a subsidiary of European Ferries, will then take a 25-year lease on the building at an initial rent of £120,000 a year—representing an initial yield of more than 5.7 per cent on the purchase price.**

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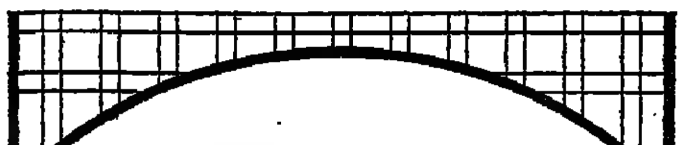

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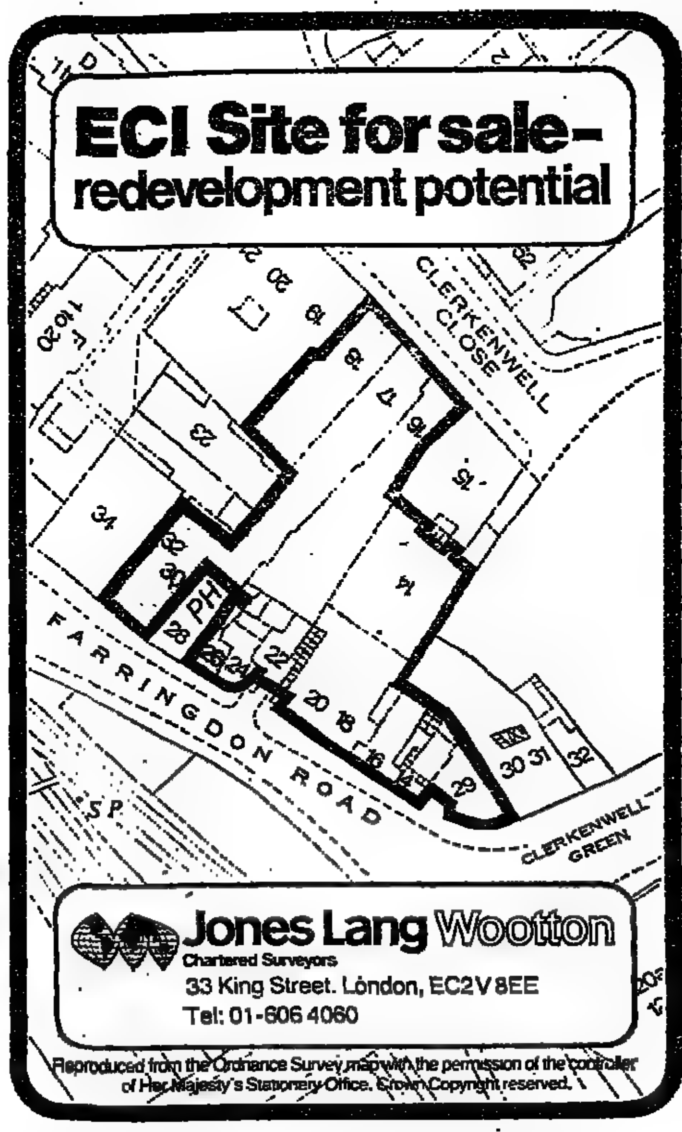

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PRIVATE COMPANY

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BUSINESSES FOR SALE/WANTED AND HOTELS AND LICENSED PREMISES APPEAR TODAY ON PAGE 37

APPOINTMENTS

COMPANY NOTICES

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF DEFERRED SHARE WARRANTS TO BEARER
PAYMENT OF COUPON NO. 63

With reference to the notice of declaration of dividend advertised in the press on 22nd August, 1979, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 20 cents per share was declared in South African currency. South African non-resident shareholders' tax of 3 cents per share will be deducted from the dividend payable in respect of all share warrant coupons leaving a net dividend of 17 cents per share.

The dividend on bearer shares will be paid on or after 26th October, 1979, against surrender of Coupon No. 63 detached from share warrants to bearer as under:

(a) At the office of the following continental paying agents:
Banque Rothschild, 21 Rue Laffitte, Paris 9e.
Banque Bruxelles Lambert, 2 Rue de la Regence, Brussels, Belgium.
Societe Generale de Banque, 3 Montagne du Parc, 1000 Brussels.
Credit Suisse, Paradeplatz 8, Zurich.
Union Bank of Switzerland, Bahnhofstrasse 45, Zurich.
Swiss Bank Corporation, 1 Aeschenvorstadt, Basle 4002.
Banque Internationale a Luxembourg, 2 Boulevard Royal, Luxembourg.

Payments in respect of coupons lodged at the office of a Continental paying agent will be made in South African currency to an authorised dealer in exchange in the Republic of South Africa nominated by the Continental paying agent. Instructions regarding disposal of the proceeds of the payment so made can only be given to such authorised dealer by the Continental paying agent concerned.

(b) At the London Bearer Reception Office of Charter Consolidated Limited, 40, Holborn Viaduct, London EC1P 1AJ. Unless persons depositing coupons at such office request payment in rand to an address in the Republic of South Africa, payment will be made in United Kingdom currency either
(i) in respect of coupons lodged prior to 12th October, 1979, at the United Kingdom currency equivalent of the rand currency value of their dividend on 10th October, 1979, or:
(ii) in respect of coupons lodged during the period 12th October, 1979, to 17th October, 1979, both days inclusive, at the United Kingdom currency equivalent of the rand currency value of their dividend on 22nd October 1979, or:
(iii) in respect of coupons lodged on or after 18th October, 1979, at the prevailing rate of exchange on the day the proceeds are remitted through an authorised dealer in exchange in Johannesburg to the London Bearer Reception Office.

Coupons must be left at least four clear days for examination and may be presented any weekday (Saturday excepted) between the hours of 10.00 a.m. and 3.00 p.m.

United Kingdom income tax will be deducted from payments in United Kingdom currency in respect of coupons deposited at the London Bearer Reception Office unless such coupons are accompanied by Inland Revenue declarations. Where such deduction is made the net amount of the dividend will be the United Kingdom currency equivalent of 14.00 cents per share arrived at as follows:

	South African Currency Cents Per Share
Amount of dividend declared	20.00
Less: South African non-resident Shareholders' tax at 15%	3.00
	17.00
Less: U.K. income tax at 15% on the gross amount of the dividend of 20 cents	3.00
	14.00

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
J. C. Greensmith

London Office:
40 Holborn Viaduct,
EC1P 1AJ.
13th September, 1979.

NOTE:
The Company has been requested by the Commissioners of Inland Revenue to state:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

US$30,000,000
Negotiable Floating Rate Certificates of Deposit due 14th September, 1981

THE BANK OF YOKOHAMA, LIMITED LONDON

In accordance with the provisions of the Certificates, notice is hereby given that for the six months interest period from 14th September 1979 to 14th March 1980 the certificates will carry an interest rate of 12⅞% per annum. The relevant interest payment date will be 14th March 1980.

Kleinwort, Benson Limited
Agent Bank

THE SOUTH BRITISH INSURANCE COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the transfer books of this Company will be closed from 5.00 p.m. on 16th October, 1979 to 9.00 a.m. on 5th November, 1979.

By Order of the Board,
R. E. PHILP,
General Manager for United Kingdom.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN NIPPON SHINPAN CO. LTD.

NOTICE IS HEREBY GIVEN that pending the payment of an interim dividend for the 53rd term the shareholders' register will be closed for the period October 1, 1979 to November 15, 1979, and during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs.

Furthermore, it has also been declared that the shares will be traded ex-dividend in Tokyo with effect from September 26, 1979.

Subject to the Directors' approval of the dividend, a further notice will be published stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment thereof, as soon as practicable after receipt of the dividend by the Depositary.

CITIBANK, N.A.,
London.
September 14, 1979.

GRANGES AB
THE GRANGESBERG COMPANY 6¾% LOAN 1987

S. G. WARBURG & CO. LTD. announce that Bonds for a nominal value of U.S.$900,000 have been purchased for redemption on 15th October, 1979.
U.S.$7,200,000 nominal amount will remain outstanding after 15th October, 1979.
30, Gresham Street,
London EC2P 2EB. 14th September, 1979.

TRAVEL

ART GALLERIES

COMPANY NOTICES

GENERAL MOTORS CORPORATION

Further to the DIVIDEND DECLARATION of 20th August, 1979, NOTICE is now given that the following distribution will become payable to AUTHORISED DEPOSITARIES on and after the 17th September, 1979, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

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Barclays Bank Limited,
Securities Services Department,
54 Lombard Street, EC3P 3AH

14th September, 1979

LOMBARD

Japan's unfair advantage

BY GEOFFREY OWEN

JAPAN HAS made a good deal of progress in the past year or so in convincing the rest of the world that its trading policies are not as unfair as the critics had alleged. The change-round in Japan's balance of payments, the gradual increase in manufactured imports as a percentage of total imports, measures to remove specific barriers to import penetration—all this has helped to improve relationships. But there is still one issue on which the Japanese are thought to be not playing the game—or least playing it by different rules from those which apply in other industrial countries. This concerns the financial structure and objectives of Japanese companies.

At a recent hearing before the International Trade Commission, spokesmen for the U.S. electronics industry warned about the sharp increase in imports of Japanese semi-conductors.

Intel, one of the leading integrated circuit companies, noted that the Japanese Government had targeted this industry as vital to the country's future and had provided it with financial support. "Japanese semi-conductor enterprises," the company said, "are not dependent on the equity market to finance growth and hence do not have to achieve a high rate of return in order to attract capital.

The question of how much profit Japanese companies really make is complicated by accounting differences. A study undertaken in 1977 by International Business Information (and published by the Financial Times) pointed out that profits in Japan were understated because tax laws permit the setting-aside of tax-exempt reserves for special purposes. In addition, of course, dependence on debt rather than equity involves high interest payments which depress reported profits. But the author of the study argued that, when tax-exempt reserves were taken into account, the ability of Japanese companies to generate profits for reinvestment and funds for servicing financial obligations was high in comparison with other countries.

The Ministry of International Trade and Industry (MITI) has just produced its annual analysis of some 400 major corporations, 100 from Japan and 300 from Europe and the U.S. The table shows that although there was a sharp recovery in Japanese profits between 1975 and 1976, *the ratio was a good deal lower* than in other countries. (The figures for margins on sales show that German companies are only slightly more profitable than the Japanese; does Germany also represent unfair competition?)

	Ratio of net profit to total liabilities and net worth (per cent)		Ratio of net profit to sales (per cent)	
	1975	1976	1975	1976
Japan	0.93	1.98	0.94	1.93
U.S.	5.93	7.30	4.24	4.96
Canada	5.21	5.01	4.42	4.21
U.K.	5.27	6.17	3.77	4.03
West Germany	1.72	3.20	1.22	2.27

Source: MITI

The key question is not the level of profitability, however measured, but whether the banks' willingness to lend to companies with a high debt-to-equity ratio and a relatively low return on total capital employed reflects an implicit promise of support from the central government in the event of a crisis. The alternative explanation is that the companies concerned, because of their successful record, are regarded as good banking risks.

The danger from Japan's point of view is that as long as the first view is held, with its connotations of Japan Inc., it may be used as an argument for restrictions against Japanese exports. The Japanese have to convince the rest of the world that their version of the market economy is as "fair" as the American or German one.

Lords of the isle

BY WILLA OWEN

RUNNING ONE'S own island nowadays is a costly undertaking that can take the gilt off the gingerbread even for a millionaire.

But Peter and Jenny Wood, who this summer celebrate 30 years' tenancy of the 500-acre Channel Island of Herm, bought the lease with a £15,000 overdraft from the Midland Bank.

Herm lies three miles from Guernsey's harbour capital, St Peter Port, and today is an offshore tourist resort attracting over 90,000 day visitors a year.

The island supports 12 resident families, all of whom work for the Woods. It is a tiny, "patriarchal" community, complete with a little school, chapel and the smallest lock-up in the world. It has an automatic public telephone exchange on the same scale, with two STD lines, but contains one of the largest dairy farms in the Channel Isles.

In 1946, Guernsey bought Herm from the Crown for £15,000, and decided to lease it out on condition that it was kept open to the public in daylight and its "natural attraction and peacefulness" preserved.

For many years previously, the island had been the private estate of assorted island fanciers. They included Lt.-Colonel M. J. Fielden, whose mid-19th century tenancy ended when he was caught smuggling French brandy in a big way; the immensely wealthy Prince Wilhelm Blucher Von Wahlstatt; author Sir Compton Mackenzie; and finally Ford motor king Lord Perry.

The adventurer-Colonel was responsible for many of Herm's present buildings, including the White House Hotel. Prince Blucher contributed fine trees and shrubs—a number of them Australasian—to the island's charm, and the then Sir Percival Perry improved the

AROUND BRITAIN

HERM

harbour and painted everything paintable in his orange and blue racing colours.

A chance meeting in England with Guernsey's first Herm tenant, Mr. A. J. Jefferies, made it possible for the couple to realise a dream—to launch out of the commuter groove into a a life of their own in beautiful natural surroundings.

At the time, New Zealand-born Major Peter Wood was in a good job after a rugged war-time career, and was commuting to Leeds from his pretty village home ten miles north of the city.

But after a flying visit to view the island—which they still find the most enchanting place on earth—Peter and Jenny Wood jumped at the offer.

They arrived with their two small children in the middle of a drought, when water had to be shipped over from Guernsey in barrels. Herm, four years after the liberation of the Channel Islands from German occupation, was run-down and neglected.

There was no telephone, no electricity except at the hotel, and the island was so overgrown that it took the Woods three weeks to discover Lady Perry's Cottage (now handsomely converted and with a swimming pool), which they made their home. Here, their four younger children were born, Penny in 1950 being the first Herm baby for over 100 years.

The lease was a hit-and-miss affair because nobody knew what it would cost to run Herm. The Woods tried to negotiate new terms before signing it, but Guernsey would not draw up a fresh lease without more information. So it was agreed that the couple should run the island for a few years without a lease, showing accounts to Guernsey.

About 90,000 day visitors arrive on Herm each year

It was not until 1962 that they got any real security of tenure with a lease that runs until 2029.

The rent is adjustable every seven years. In 1962 it was £10. Today it is £1,848.

In Guernsey, it is popularly believed that Herm is "a little goldmine," but Major Wood says that people do not take into account the tremendous cost of running it.

Herm islanders pay Guernsey income tax and social insurance, but the Woods are responsible for providing all public services—sewage, water, lighting, conveniences, beach cleaning, roads and paths.

A contribution to these expenses is made by the poll tax of 15p paid by all adults landing on the island.

Water is supplied free to residents, although the Woods spent £15,000 in their first 20 years laying it on. Deepening an existing well by 10 ft some seven years ago cost £3,500 and proved abortive. Two bore holes sunk in 1973 were successful, but cost another £1,000.

Electricity is subsidised because it costs more to produce than is charged. In 1978, electricity supply—oil for the power house, repairs and enineer's wages—cost nearly £15,000.

Peter and Jenny Wood have probably sunk over £½m into developing the island. When they arrived, the present 84-bed hotel could accommodate only 20, and the 70-head dairy herd and modern milking parlour of today has grown out of six Guernseys browsing in a field.

Herm now has a restaurant, snack bar, two breach cafes, a tiny Mediterranean-style shopping piazza, and the existing Mermaid Tavern has been improved.

In 1972, the Island Hotels Group, a family-controlled management company, was set up to run the Herm enterprise, together with hotel and catering interests in Guernsey.

Tourism and dairying have proved to be the island's staple industries. With Simon, the Woods' eldest son, as general manager of the island, his father, now 64, can spare a little more time for the farm. Apart from its economic value, he thinks it contributes to Herm as a rural community.

Peter and Jenny Woods' vision of the island as a whole way of life, for themselves and their children and for everyone involved in it, has been a constant driving force—one that has transformed a rich man's private playground into a viable business enterprise.

Susarma to win big sprint

RACING

BY DOMINIC WIGAN

A FIELD of 21 sprint handicappers go to post for this afternoon's William Hill Portland Handicap at Doncaster. The race, which saw a disappointing turn out of 13 12 months ago, looks highly competitive.

My idea of a likely win and place prospect is Susarma, trained by Scobie Breasley despite a poor draw at No 8. Without a win since obliging on his first two outings this term at Sandown (where he enjoyed the best draw on each occasion) Susarma showed that he may now be back to somewhere near his best.

Last time out he finished a close third behind St Terramar in a bunched finish to Epsom's PTS sprint. There no more than three lengths separated the first nine home.

Sent into the lead three furlongs out in the PTS race by Geoff Lewis, Susarma retained his advantage at the head of affairs until close home when the winner and Gold Song came through.

If, as I believe, Susarma is in peak form again he should take all the beating.

For anyone prepared to take a chance with a lightly-weighted mare ridden by a 7 lbs claimer, then Oh Simmie could be an attractive alternative to Susarma.

This bay daughter of African Sky, whose would-be supporters are almost certainly best advised to row in with the Tote on this occasion, defeated Panglima by half a length at Wolverhampton in July and has since put up several creditable performances.

Oh Simmie looks ideally drawn at 18. Furthermore her trainer, Reg Hollinshead, has his team in top gear.

For the nap I intend deciding with another likely-looking stud prospect, Miss Mops, who ran really well after a long lay-off when third behind Made My Day and Royal Inheritance in a handicap at Newmarket last time out.

There Miss Mops was well in contention when weakening, understandably, a quarter of a mile out. That run will have done her the power of good.

DONCASTER
2.00—Miss Mops***
2.30—Fool's Testimony
3.05—Susarma*
3.35—No Bombs
4.05—Glitter
4.35—Edith Piaf

SANDOWN
2.15—Highland Light
2.45—Main Reef**
3.15—Beldale Gunflint
4.45—Parched

TV Radio

BBC 1

† Indicates programme in black and white.

6.40-7.55 am Open University (Ultra high frequency only). 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.00 Racing: Goodwood September Meeting. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Captain Caveman (cartoon). 4.40 On Location ... with The Children's Film Foundation. 5.10 The Red Hand Gang. 5.35 Noah and Nelly.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide including, at 6.45, Sportswide.
6.55 Some Mothers Do 'Ave 'Em.
7.30 "Carry On At Your Convenience."
9.00 News.
9.25 Athletics: The IAC/Coca Cola International Meeting.
10.15 Points of View (London and South East only).
†10.20 The Burns and Allen Show (London and South East only).
10.45 Regional, National News.
†10.50 The Late Film: "The Rose Tattoo," starring Anna Magnani and Burt Lancaster.

All Regions as BBC-1 except at the following times:—

Scotland—5.55 pm Reporting Scotland. 6.15 Scottish National Party Conference (report). 6.25 Join BBC-1 (Nationwide). 10.15 Grimble on Genius. 10.45-10.50 Regional, National News.

Wales—1.45-2.00 pm Y Cowboi Bach. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.25-7.30 Bugs Bunny. 10.15 Person To Person with Arthur Scargill. 10.55 The Rockford Files. 11.45 News, Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Lifetimes. 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Variations; Midlands (Birmingham) Spare Time; North (Leeds) Trains, Trains, Trains! North East (Newcastle) Whaling; North West (Manchester) Home Ground; South (Southampton) Cusden on Location; South West (Plymouth) Rippon Report; West (Bristol) Summer Serenade.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
11.30 Tennis: The Davis Cup—Italy v Great Britain.
4.50 pm Open University.
6.55 Gardeners' World.
7.25 Mid-Evening News.
7.35 It's A Dog's Life.
8.05 Kilvert's Diary.
8.20 Sandy Powell in "The Old Boy Network."
9.00 "The Searchers," starring John Wayne.
10.55 Jack High.
11.25 Late News.
11.40 Tennis: The Davis Cup (highlights).
12.25 am Closedown reading.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20 pm Channel News, What's on Where, Weather. 5.00 Puffins Birthday Greetings. 5.05 Kum Kum. 5.30 Clue Club. 6.00 Report at Six Extra. 7.00 Al Oeming. 7.30 Emergency. 8.25 Feature film—"Perfect Friday." 10.05 Channel Late News, Weather. 10.10 Dan August. 11.05 News in French.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 8.00 Peter Powell. 10.00 Simon Bates at York. 11.31 Peter Powell. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Al Matthews. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 2.15 pm David Hamilton (S). 4.15 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 David Allan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoner's Walk. 12.30 Pete Murray's Open House (S). 2.15 Tennis Special: Davis Cup European Zone Final: Italy v. Great Britain including 2.45, 3.45 Sports Desk and Racing from Doncaster. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Quote . . . Unquote (S). 7.30 Fiesta de Dorita (S). 8.02 Norrie Paramor—A Tribute. 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Take Your Partners at the Radio 2 Ballroom. 11.02 Sports Desk. 11.15 Peter Clayton with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Balakirev (S). 10.00 Purcell Consort of Voices Concert, part 1 (S). 10.35 Interval Reading. 10.40 Concert, part 2. 11.25 Bach and Fauré (S). 12.10 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Playbill. 1.20 Concert, part 2 (S). 1.55 Mogens Ellegaard accordion recital (S). 2.25 Song Recital (S). 3.15 Karajan: The Early Years. 4.25 Comparing Notes (S). 5.25 Homeward Bound (S) including 5.45-5.50 News (‡ and mono only from 5.45). ‡6.15 At Home. 7.10 Pied Piper (S). 7.30 Proms 79, part 1: Strauss (S). 7.55 Shelley poetry reading. 8.15 Proms 79 part 2: Beethoven (S). 9.35 Williamson's Violin Concerto (S). 10.00 Music Now: Report on the musical events in the Edinburgh Festival Fringe. 10.45 Moura Lympany piano recital (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 The Crock of Gold 8.59 Continental Travel Information. 9.00 News. 9.05 Baker's Dozen (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 Down Your Way visits Fort William, Inverness-shire. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 The Enchanting World of Hinge and Bracket (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour from Glasgow. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 The Black Sheep of the Family: story of Fred Barnes, music-hall artist. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Grumbleweeds (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Travels of a Gentleman. 11.45 Just Before Midnight. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Black Londoners. 8.00 Track Record. 10.00-5.00 am As Radio 2.

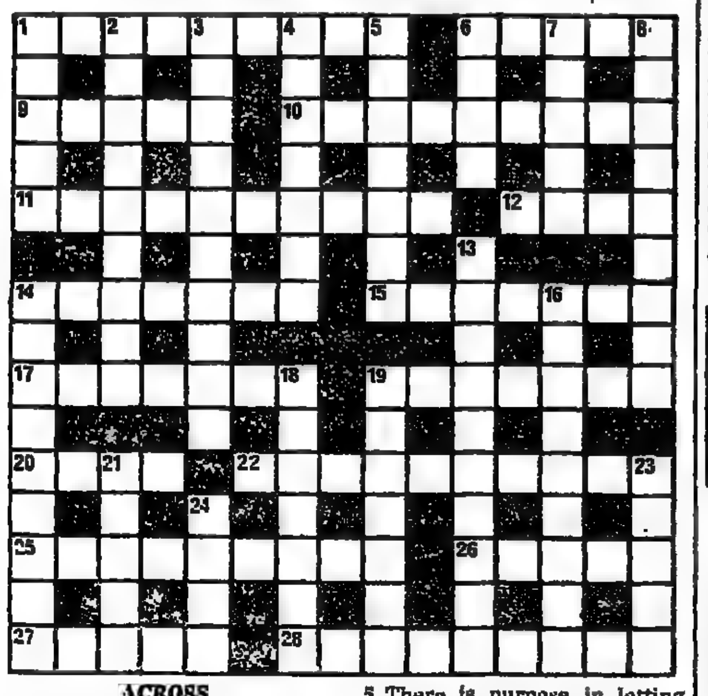
London Broadcasting

6.00 am AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports with Sue Jameson and Alan Clark. 8.00 After Eight with Therese Birch. 9.00 Nightline with Steve Jones. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra with Hugh Williams. 4.00 Our Kind of Town. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 "Prudence." 7.45 Ric Davis's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am John Sach's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,073



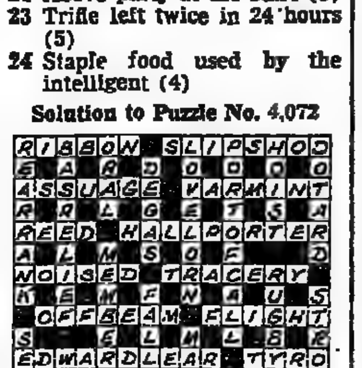
ACROSS

1 Mother goes in to change for school (4, 5)
6 Certain make of hot iron (5)
9 Shower heard as a rule (5)
10 In this temperature there are no coloured runners (5, 4)
11 Plant for girl without partners (10)
12 Pests are backing top-liner (4)
14 It is hollow to study warning cry (7)
15 Name in one of the final destinations (7)
17 Part of rigging at the front in the first place (7)
19 Pinch a bit of harness (7)
20 Public school offering money back (4)
22 Debatable ground is evidently a female preserve (3, 4, 4)
25 Damage in act of being robbed (9)
26 A college window (5)
27 Doctor well-suited to return to theme (5)
28 Tiny claim disrupted by aggression (9)

DOWN

1 Gunners get up to propel the boat with a missile (5)
2 Drug addict taking express route from Euston? (4-5)
3 All-rounder spares dealer (3, 2, 5)
4 Line drawing on canal bank (3-4)
5 There is purpose in letting money provide clothes (7)
6 Root that could eventually be sweetly cubed (4)
7 Time National Trust had a bailiff (5)
8 Decide to put off my property (9)
13 What a surprise to see famous novelist (5, 5)
14 Treasure chest mother used for building under water (6-3)
16 Money trouble swelling up (9)
18 Probe involving 50,000 poses a dilemma (7)
19 Examine boy upset by backbiting (7)
21 Above party at the start (5)
23 Trifle left twice in 24 hours (5)
24 Staple food used by the intelligent (4)

Solution to Puzzle No. 4,072



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA Tonight 7.30: La Traviata. Tomor. & Thurs. 7.30: La Cenerentola. Wed. 7.30: Die Fledermaus. 104 balcony seats avail. from 10 am on day of perf.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit cards 836 6903). Until 22nd Sept. NEW YORK CITY BALLET Eves. 7.30. Mats. Thurs., Sat. 2.00. Few seats avail. Red. price mats. (incl. students at £2.50). 65 Amphi seats avail. for all perfs. from 10 am on day of perf. (except Gala).

SADLER'S WELLS THEATRE. CC. Rosebery Ave. EC1. 837 1672. Until 22 Sept. SADLER'S WELLS ROYAL BALLET Eves. 7.30. Mats. Sats. 2.30. Tonight: Les Rendezvous, The Two Pigeons. Tomor. & Mon.: Les Sylphides, The Two Pigeons. Tue. & Wed.: Concerto, Playground, Elite Syncopations. Thurs.: Meadow of Proverbs, La Fête étrange, Pineapple Poll.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evenings at 7.30. Mats. Thurs. at 3.00 and Sat. at 4.00. JOHN INMAN in "GLORIOUS FARCE." Daily Telegraph. CHARLEY'S AUNT MUST END SEPTEMBER 29

ADELPHI. CC. S. 01-836 7611. A SUMPTUOUS NEW PRODUCTION of MY FAIR LADY OPENING OCT 25 AT 7. Subs.: Evs. 7.30. Sats. 4.0 and 7.45. Mats. Thursdays at 3.0. TONY BRITTON LIZ ROBERTSON PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY Reduced price previews OCT. 10 to 24. Book Now Adelphi Theatre and Agents. Credit card and party bookings 836 7611.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC bookings 836 1071-3. Evgs. 7.45. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Financial Times. With ROY DOTRICE SALLY BENTLEY MARGARET BURTON. Party rates and student stand-by avail.

ALDWYCH. CC. 836 6404. Inf. 836 5332. Fully air conditioned. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30, Tomor. 2.00 & 7.30 LOVE'S LABOUR'S LOST "As perfect as anything can be this side of heaven." Guardian. "The evening offers nothing but enchantment." S. Express. With Moss Hart and George S. Kaufman's comedy ONCE IN A LIFETIME (next perf. Mon.). RSC also at THE WAREHOUSE (See under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES By James Saunders. "ITS IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." Daily Mail. BODIES "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOUR AND LAYERS OF ITS LANGUAGE, BODIES STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." E. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.0. Sat. 5.0 and 8.0. Mat. Th. 3.0. IAN LAVENDER TERENCE EDMOND JULIA FOSTER in HAPPY BIRTHDAY A VERY FUNNY NEW COMEDY BY THE AUTHORS OF BOEING BOEING. "FEYDEAU LIVES, CA VA." Gdn. WILL PROBABLY RUN AND RUN. Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . do see it." Sun. Times. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS FOURTH YEAR! Lowest-priced best seats in London. £4.00, £3.55, £1.60 plus 15p temp. members.

BOULEVARD TH. at the Raymond Revue Bar, Walkers Ct., Brewer St. CC. [illegible]

CAMBRIDGE. [illegible] THE GREAT FAMILY ENTERTAINMENT [illegible]

CRITERION. [illegible]

DUCHESS. [illegible]

DRURY LANE. [illegible]

FORTUNE. [illegible]

GARRICK. CC. 01-836 4601. Evs. 8.00 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. GARETH HUNT in IRA LEVIN'S DEATH TRAP "BEST THRILLER." Daily Telegraph. "VERY INGENIOUS, VERY FUNNY, VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Mon. to Fri. Ev. 8.00. Mats. Wed. 3.00. Saturdays 5.00 and 8.30. SIMON RODGERS GEMMA CRAVEN DIANE LANGTON ANDREW C. WADSWORTH DAVID HEALY in SONGBOOK A new musical by MONTY NORMAN and JULIAN MORE. "A TOUCH OF MUSICAL MAGIC." Now. "THIS STUNNING OCCASION. THE BEST BRITISH MUSICAL OF THIS YEAR AND A FEW GONE BY." Fin. Times. "VERY FUNNY. OFTEN HILARIOUS. RECEIVED WITH DELIGHT." Evg. Standard. "THE CAST IS BRILLIANT." Evg. News.

GREENWICH THEATRE. CC. 01-858 7755. Evs. 8.0. Mats. Sats. 2.30. John Barrow, Lorraine Chase, Anette Crosbie, Gerald Flood, Steven Grives, Miriam Karlin, Kenneth Williams in THE UNDERTAKING by Trevor Baxter. LAST WEEK. from Sept. 19 THE PASSING OUT PARADE by Anne Valery.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. GERALD HARPER KATE O'MARA in The SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI. "The kind of spectacle I cannot recall since boyhood . . . terrific stuff." News.

HER MAJESTY'S. CC. 01-930 6606. Evgs. 8.00. Mats. Wed. 3.00. Sat. 4.15 & 8.15. HYWEL BENNETT in THE CASE OF THE OILY LEVANTINE by ANTHONY SHAFFER.

KING'S HEAD. 226 1916. Dinner at 7.30. Show at 8.30. FIFTY WORDS BITS OF LENNY BRUCE "SHEER BRILLIANCE." Time Out. "AN EVENING OF SUCH REVERBERATIVE RICHNESS, LAUGHTER AND DELIGHT." Guardian. "WITTY PROVOCATIVE SHOW." E. Std. "A FUNNIER EVENING THAN I COULD EVER IMAGINE SPENDING WITH LENNY BRUCE HIMSELF." What's On.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Mats. Wed. and Sat. 3.00. JESSICA TANDY HUME CRONYN in the Award-winning Comedy THE GIN GAME Directed by MIKE NICHOLS. LAST 3 WEEKS MUST END 6 OCT. "TWO RARE AND SUPREME PERFORMANCES." Guardian. "EXTREMELY FUNNY." New Yorker.

MAYFAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE A MUSICAL REVUE "Superlative non-stop comedy." E. News. "Laugh riot . . . sheer fun . . . not to be missed." S. Express. "The funniest script the Marx Brothers never wrote." Daily Mail. HURRY, HURRY, MUST END SATURDAY.

NATIONAL THEATRE. S. CC. 928 2252. OLIVIER (open stage): Ton't 7.30, Tomor. 2.45 & 7.30 AS YOU LIKE IT by Shakespeare. LYTTELTON (proscenium stage): Ton't 7.45, Tomor. 3.00 & 7.45 FOR SERVICES RENDERED by W. Somerset Maugham. COTTESLOE (small auditorium): Mon. to Sat. at 8.0 WINGS by Arthur Kopit. Excellent cheap seats from 10 am day of performance all 3 theatres. Car park. Restaurant 928 2033. Credit card bookings 928 3052. Air Conditioning.

OLD VIC. 928 7616. London Mime Theatre. "Futurefoot." Tonight 7.30, Tomorrow 2.30 7.30. Old Vic Company Repertoire Season returns Sept. 25th. 18th century comic opera and farce. THE PADLOCK/MISS IN HER TEENS. Previews from Sept. 25. For further information on the season ring 261 1821.

OPEN SPACE. 387 6969. Tues. to Sun. 8. Brecht's PRIVATE LIFE OF THE THIRD REICH.

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri. Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber. Group sales Box Office: 01-379 6061 or Free phone 2381.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I Also starring Virginia McKenna. HOTLINE 01-437 2055. Evening 7.30. Mats. Weds. at 2.45.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 & 8.30. [illegible]

PRINCE EDWARD. [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S THEATRE. [illegible]

RAYMOND REVUEBAR. [illegible]

ROYAL COURT. [illegible]

ROYAL COURT THEATRE UPSTAIRS. [illegible]

ST. GEORGE'S. [illegible]

ST. MARTIN'S. [illegible] AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN [illegible]

SAVOY THEATRE. 01-836 8888. Credit cards 01-734 4772. "BILL PATTERSON . . . one of those rare young lions of British Theatre." FT. WHOSE LIFE IS IT ANYWAY? PLAY OF THE YEAR by Brian Clark. "Momentous play, I urge you to see it." Guardian. Evgs. 8. Sat. 5.45 and 8.45. Red. price Matinee Wed. 3.00. 2nd GREAT YEAR.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thur. 3.00. Sat. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONGEST-RUNNING COMEDY IN THE WORLD

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS From 8.00: Dining and Dancing. 9.30: SUPER REVUE BUBBLY At 11: HELEN GELZER From Mon.: ROLF HARRIS.

VAUDEVILLE. CC. 01-836 9988. Evs. 8. Mat. Wed. 2.45. Sat. 5 & 8.30. EDWARD FOX in THE FAMILY REUNION by T. S. ELIOT "Sheer magic." Financial Times. "This is Eliot's greatest play." D. Tel.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail. Best Musical of the year 1978. E. Stand.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Company. No perfs. this week. Mon. 17 Sept. Howard Brenton's SORE THROATS (not suitable for children). Thurs. 20 Sept. premiere Nigel Baldwin's MEN'S BEANO. Adv. bkg. Aldwych. All seats £2.10. Students £1.10.

WHITEHALL. CC. 01-930 6692-7765. Monday to Thursday 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI "It's a foot-stamping, pulsating, action-packed African musical." News of World. FOURTH GREAT YEAR.

WESTMINSTER. CC. S. 01-834 0283. Evgs. 7.45. Mats. Wed. and Sat. 3.00. GILBERT AND SULLIVAN'S THE MIKADO "The best Mikado I've seen." What's On. "A surprise and a delight." The Stage. SEASON ENDS OCT 20th. JOSEPH AND THE AMAZING TECHNICOLOR DREAMCOAT November 1st-Jan. 19th. Book yesterday. Ring 01-834 0283.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am incl. Suns. 01-836 3028. Credit card bkgs. 836 1071. Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30. "ENORMOUSLY RICH." Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Very funny." Evening News. "Sure-fire comedy of sex and religion." Daily Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Evs. 7.30. Wed. next 7. Mats. Tues. 2. HAMLET

CINEMAS

ABC 1 and 2, Shaftesbury Ave. 836 8861. Sep. Perfs. All seats bookable. 1. THE DEER HUNTER (X). Wk. & Sun. 2.15, 7.30. 70 mm. Dolby stereo. 2. PHANTASM (X). Wk. & Sun. 2.00, 5.30, 8.30. Late show Sat. 11.15.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1. J. R. R. Tolkein's THE LORD OF THE RINGS (A). In Dolby stereo. Progs. 12.30, 3.05, 5.40, 8.20. School party bookings welcome. 2. George Hamilton. LOVE AT FIRST BITE (AA). Progs. 1.35, 3.40, 6.00, 8.20. 3. Kurt Russel. ELVIS—THE MOVIE (U). Progs. 12.10, 2.25, 5.15, 8.05.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 636 0310 (opp. Tottenham Court Rd. tube). 1. Woody Allen MANHATTAN (AA). Progs. 12.50, 2.50, 4.50, 6.50. 2. QUADROPHENIA (X). Progs. 1.30, 3.45, 6.10, 8.35. 3. HANOVER STREET (A). Progs. 1.40, 4.00, 6.20, 8.40. 4. J. R. R. Tolkein's THE LORD OF THE RINGS (A). Progs. 1.00, 3.25, 5.50, 8.20. 5. PORRIDGE (A). TO RUSSIA . . . WITH ELTON (U). Sep. perfs. 2.00, 5.15, 8.00.

CLASSIC, Leicester Square. 930 6915. [illegible]

CURZON, Curzon Street, W.1. 499 3737. [illegible]

LEICESTER SQUARE THEATRE. 930 5252. [illegible]

ODEON HAYMARKET. [illegible]

ODEON LEICESTER SQUARE. [illegible]

ODEON MARBLE ARCH. [illegible]

PRINCE CHARLES. [illegible]

STUDIO 1, 2, 3, 4. [illegible]

THE ARTS

Open Space

Private Life of the Third Reich

by B. A. YOUNG

Fears and Miseries of the Third Reich, to revert to Brecht's own title, consists of a series of short one-act plays, almost cabaret sketches, in which he pinpoints the effect of the Nazi regime on life in Germany. Pinpoints is perhaps a flattering word; nothing so subtle as a pin is used in these shallow and ill-written pieces where the playwright's familiar hand is hardly recognisable. They were written in Vienna, the information being gathered from other refugees. Sixteen of them make up this production, in a translation by Paul Kriwaczek (who believes that an SA man would call a worker "my dear chap"). The acting is pretty moderate, and the direction by Nikolas Simmonds does little to alleviate the appalling tedium.

For three hours' tedium is the order of the day. We know that Nazi principles, if I can use that word, made life difficult if not impossible for Marxists, Jews, conscientious doctors and scientists and tradesmen and judges. But surely it should have been possible to present their problems with some kind of subtlety. Only four of the 16 have any dramatic value, as opposed to political weight. "Chalk Cross," about a social visit by an SA man (wearing SS insignia on his collar) generates tension; so do "The Spy," about a family scared that their son may be reporting their conversation to the Hitlerjugend, and "The One They Let Out," where the comrades of a fellow-Marxist wonder why he should have been released from concentration camp. And "Jewish Wife," about the wife of a doctor who feels that it is time to leave, is genuinely moving.

The others have about the value of a cartoon caption in a magazine. But at least they raise a point that I have been wanting to bring up now for quite a while.

A few hundred miles to the west, a virtual civil war is being fought with a total suspension of morality on both sides. Some thousands of miles to the east, cold-blooded massacres are being perpetrated on an immense scale. In Zimbabwe-Rhodesia and in the Lebanon there are murder and treachery that would fill entire pages of the papers if they took place in our own country. And we are asked to care about Hitler's villainies 40 years ago!

Hitler is history. What is the point of reviving contemporary comment on his excesses, particularly comment written when his excesses had hardly begun? We might as well reprint Gillray and Cruikshank as cartoons in the daily papers. It is true that our age is lamentably short of good dramatists; but is there no one who can stir us with drama about our own times? *Only Ireland has been* considered, and on the whole fairly adequately, Ireland being a country that believes in writing. The rest of the world can go to hell without a word of judgment from our theatres apparently.

Susan Engel, Dickin Ashworth and Will Knightly — *Leonard Burt*

Wigmore Hall

Fitzwilliam Quartet

by MAX LOPPERT

Wednesday's recital by the Fitzwilliam Quartet was the second of three this week, all with interestingly varied programmes. It began with the Second String Quartet (1973) of David Blake, a work of masterly craft and passionate sensibility that has been far too seldom heard since its York Festival premiere. It is strong in the way the best of Blake's instrumental music is strong, in its combination of classical concision of thought and full-blooded (one might almost say, full-bloodedly romantic) emotional expression.

In two movements, a set of variations and a *Lento molto* "almost like an epilogue" (according to the composer's brief programme note), a precise balance of thought and feeling is struck. The gradually accumulating tension of the first finds a kind of release in the melancholy calm of the second, where each slow intervallic shift registers as a gesture of great (though distilled) emotional intensity. Berg's *Lyric Suite* and the slow movements of the late Beethoven quartets provide points of reference ("any fool can hear that," might justifiably be the composer's Brahms-like reply). Blake's quartet can, like those works, be admired for a freedom of form that is always rigorously argued.

It was given here a performance of fierce directness and concentration: the players showed themselves finely attuned to both the excitements of the string writing (angry exchanges and violent, grinding clashes) and its sustained slow pathos. Schumann's four *Märchenerzählungen* for clarinet (Alan Hacker), viola (the Fitzwilliam's Alan George) and piano (Alan Schiller) followed, and made a strong contrast. In mood and atmosphere; and also in style of performance, which was a good deal less precise or unified than that of the quartet. The piano's bass support was insufficiently definite, the viola tone not always steady; and Mr. Hacker—also appearing in the Mozart Clarinet Quintet after the interval—produced a line that was far too brusque and casual in intonation for the good of Schumann's *gemütlich* good humour.

Cinema

Spiritual searchings by GEOFF BROWN

Meetings With Remarkable Men (U) Gate 2 Bloomsbury
Old Boyfriends (X) Camden Plaza
Hanover Street (A) Columbia
The Spiral ICA Cinema
Joris Ivens Season National Film Theatre

The men are not the only remarkable aspect of *Meetings With Remarkable Men;* given the present frenzied climate of cinema the entire film is remarkable. When its characters speak of a "force" they are not using, as so many now do, jargon filched from *Star Wars;* the force is one of deep spiritual energy—for the subject of this film is the early years of G. I. Gurdjieff, one of the century's least publicised yet widely influential spiritual leaders. Shot in the unlikely combination of Afghanistan and Pinewood studios, the film contains much action, yet a curious quiet pervades the hurly-burly. It even has a U certificate. And it was directed by Peter Brook—his first work for the cinema since *King Lear* in 1971.

Gurdjieff, born in the Caucasus in 1877, formed his beliefs about the ways of locating and harnessing this force after painful years of wandering in the Middle East (these provide the film's narrative, devised from Gurdjieff's own autobiography). In the 1920s he established a residence at Fontainebleau, where his disciples always included an extraordinary contingent of famous artists and writers. But the disciples, however articulate in other areas, have tended to remain tongue-tied about the benefits Gurdjieff's system brings—no doubt recalling the master's own dictum that faith comes not from logical thought but from direct experience.

And the film, co-written by Brook and one of Gurdjieff's original students, Jeanne de Salzmann, can only go so far in its explanations. For how do you show in visual, dramatic form the path someone treads on a spiritual journey?

Gurdjieff as a boy reacts to some wise words of his father (Warren Mitchell) with narrowed eyes and a slight nod. But thereafter the face of the grown man (played by the Yugoslav Dragan Maksimovic) is set fast in adversity as he pursues his quest across deserts and in monastery recesses, periodically meeting the remarkable men of the title—wise dervishes, monks, the Russian Prince Lubovedsky (Terence Stamp). It is only in the final minutes that we come close to seeing a visual enactment of the wisdom Gurdjieff found and synthesised into his own philosophy. At the headquarters of the Sarmoung Brotherhood, an ancient, secret religious group, Gurdjieff (and the spectator) is taken on a guided tour of the inhabitants, busily performing sacred exercises — balancing the body's various sources of energy and concentrating the consciousness by twirling, kneeling and rotating their hands. The credits reveal these movements as authentic, though one might almost be watching a troupe of Peter Brook stage actors undergoing rehearsal.

The impossibility of delving deep into Gurdjieff's beliefs has its inevitable drawbacks. Considering the past stage and cinema work of its director, the bulk of *Meetings with Remarkable Men* is remarkably ordinary in its style and atmosphere. A dozy spectator, seeing the conventionally bustling bazaar scenes and the picturesque desert treks, or listening to the inflated music track, might take it for some exotic Hollywood adventure, though one with a rather elusive plot. The total effect is thus curiously mixed—half muted and half rarified, a film on the verge of providing a spiritual charge, on the verge of slipping into the dullness of cliché.

*

Spiritual searchings of a lower order appear in *Old Boyfriends*, directed by Joan Tewkesbury, best known as a scriptwriter for Robert Altman. Where Gurdjieff contemplated the whole of existence and asked "Why?" Diane Cruise, a depressed clinical psychologist from Los Angeles, contemplates herself and asks "Who?" To secure the answer she sets out across America on the trail of old boyfriends of ten, fifteen years ago—planning to find out who she was in the past and make clever deductions.

The men prove far from remarkable in Gurdjieff's sense: her college boyfriend is working on unprepossessing documentaries in Denver; her high-school boyfriend is a boorish lump who runs "Eric's Formal Wear" in the day and an awful rock band at night; her home town boyfriend in Michigan died in Vietnam, leaving an emotionally shattered younger brother.

The quest's notion is promising, with its potential for exploring complex webs of relationships, but the treatment is sadly shallow. Everything is played on the surface right from the beginning, with our heroine (Talia Shire) embarking in her car to pulsating music and voice-over commentary like some mad Joan Crawford character from the 1940s. Her visit to Eric (John Belushi) only provides the occasion for cheap comedy (he's stranded without trousers). Her visit to Michigan brings on mawkish melodrama, with the younger brother (Keith Carradine) enticed into the role of her dead childhood friend and ending up with a nervous breakdown. It would take much care and ingenuity to make Diane's activities believable, and the script (by Paul and Leonard Schrader, the former also serving as executive producer) provides only the scantiest documentation of her feelings and motivations. The result is a film which seems as indulgent and superficial as its heroine.

*

If *Old Boyfriends* is shallow, *Hanover Street* is synthetic—a miserable attempt to turn the clock back to the entertainment modes of the 1940s, when the British cinema briefly proved so expert at entwining poignant romance and heroic action with a wartime setting. Nothing is poignant or heroic here; everything is as contrived as the studio set of Hanover Street, just south of Oxford Circus and on this occasion in 1943 the proud possessor of a Piccadilly Line tube station and a constant stream of buses, taxis and bustling crowds. Among the latter are American bomber pilot Harrison Ford and pretty upper-crust nurse Lesley-Anne Down. They progress from tea-shop meetings to bed sessions in country inns ("I don't know where I end and you begin," she says), although Miss Down is already blessed with an adorable daughter and Christopher Plummer for a husband.

Through an extremely large twist of fate both husband and lover subsequently find themselves working together in France on a mission to raid the Gestapo's "Dokument Zimmer" in Lyon. The rest may be imagined. Peter Hyams' direction luckily proves more arresting than his script, though he has an irritating habit of staging action sequences as though the film were in 3-D, with large objects like the front of a blitzed house ostentatiously hurtling towards us. But at least Christopher Plummer and, in his brief moments, Alec McCowen (his boss in Intelligence) attack their parts with sensitivity and restraint.

*

After such follies, it comes as a relief to find *The Spiral* (at the ICA in the evening for a three-week run), though this two-and-a-half hour stampede through recent Chilean history could hardly be termed enjoyable viewing. But it does bring us back to the real world, documenting the events of President Allende's three year period as head of the Popular Unity government — a period which ended in a fascist bloodbath and the rise of General Pinochet. The film is a co-operative venture, involving Chris Marker and others experienced in political cinema. The material is built up from television reports, newsreels, a Biograph film from 1902 (American troops landing at Santiago), newspaper cuttings, revolutionary songs, quotes from the poet Pablo Neruda. Accompanying them, almost continuously, is a commentary adapted into English by Susan Sontag, no less, unfortunately declaimed in a voice of gravelly monotony by Donald Sutherland.

This deluge of image and argument is organised in seven parts, supposedly forming a dialectical "spiral" leading to the *coup d'état* in September 1973. Yet, the progression is somewhat illusory. While the commentary may explain the Government's mixed fortunes and the Right's concerted plans to throw Chile into turmoil through economic sabotage, the pictures of strikes and confrontations soon share a monotonous similarity. But for all its longeurs the film does inform, and it informs with passion.

*

Briefly, more political cinema may be found at the National Film Theatre, where the first part of a Joris Ivens retrospective runs through the rest of September. It opens on Monday with a particularly strong programme, contrasting the early visual experiments made in the Netherlands in the late Twenties *(Rain, The Bridge)* with early committed documentaries like *Borinage* (with its stark images of deprivations among striking miners) and *New Earth* (a hymn to land reclamation, with a characteristically furious Hanns Eisler). Few of Ivens's later films have quite the same incisiveness and power.

Gregoire Aslan, Donald Sumpter and Dragan Maksimovic in 'Meetings with Remarkable Men'

Covent Garden

The Goldberg Variations

by CLEMENT CRISP

Charles Rosen, writing about Bach's Goldberg Variations called it "a social work: it was meant mainly to delight, and it instructs only as it charms ...". The comment is, I feel, also true of Jerome Robbins' dance realisation which formed the major portion of Wednesday's New York City Ballet programme. Charm is a subjective matter, and response to this remarkable feat of choreographic invention—80 minutes of plotless dancing—must inevitably differ. As an admirer of the ballet, I succumb to its variety of dynamic incident, and also to a theme that can, if one so wishes, be read into Robbins' presentation.

The opening aria brings on two dancers in an approximation of 18th-century costume. The aria stated, there enter 16 dancers in everyday practice dress to whom fall the first 16 variations. Their manner is relaxed; there is a sense of unstressed friendship in their dancing, and their relationships —by turn merry or sober — can be understood as an implicit commentary upon dancers as people. At variation 17 the mood changes, becoming more formal as a fresh group of dancers appears, their dress indicating some stricter context for their activities. Action is centred upon three couples: Karin von Aroldingen and Sean Lavery; Heather Watts and Bart Cook; Patricia McBride and Peter Martins, with an attendant corps.

We sense the refinement brought by a more academic manner, and as the variations progress, dress acquires accessories that reassert an 18th century identity. For the final *quodlibet* the entire cast are now costumed; they take up a photographic pose before the initial pair return at the recapitulation of the *aria*—but they are now in practice costume.

Thus the structure; Robbins peoples it with a mass of dance incidents, varied, intriguing. From the music's rhythmic and textural contrasts he finds justification for dances that range from serenity to the most ebullient display. At every moment the NYCB dancers are shown as a superlative ensemble, completely masters of this challenging work. For the pianist Gordon Boelzner no less praise for his commanding account of the score.

Albert Hall/Radio 3

InterContemporain by DOMINIC GILL

At their two London debut concerts at the Proms this week, IRCAM's Ensemble InterContemporain have offered us a version in miniature, as it were, of their huge series in Paris two years ago called *Passage du vingtième siècle*: on Monday a concert of three recent works, all of them special commissions; and on Wednesday night, under Pierre Boulez, a long and stimulating retrospective of seven works by four key composers of this century, Stravinsky, Bartok, Varèse and Schoenberg.

None of the major works of the programme is exactly neglected today: yet still we should hear them more often. It was a fine idea to begin with the hard, brilliant, alien structures of Varèse—*Déserts* of 1954 was rightly pointed in our programme-note as the most radically exploratory work of the evening—and work backwards to the early post-Wagnerian Schoenberg of the *Gurrelieder* and the Chamber Symphony. Boulez reveals to us the sharp-honed edge of Varèse's scores with explosive force: the skill, the mind, the imagination at work. He sometimes lacks only the power—or perhaps the interest—to bring to life its full physical presence. There were things in *Déserts*, and especially in the earlier less savage, more flamboyant *Intégrales*, that he smoothed over: the darkness and sizzling light, the quick, fiery shifts and changes, the almost palpable energy of their motion.

It was an exciting start nonetheless, and splendid contrast to the pair of lesser-known folk-song "settings" for women's voices and instruments by Bartok and Stravinsky—vivid and characteristic essays both, that deserve much more than occasional revival. The star of the Schoenberg second half was neither Boulez nor his Ensemble — but the mezzo Elizabeth Connell, whose flawless delivery of the Song of the Wood Dove from the *Gurrelieder*, every note in every part of the register burnished and true, drew a long ovation from the house. After the three little Pieces for Chamber Orchestra of 1910—tiny short-breathed fragments—the Ensemble ended with a good and capable account of the Chamber Symphony. Better still to have heard it given at leisure, and with affection: what urgent appointment did Boulez have to rush the music so, clipping nearly five minutes from the 24 of its true, expansive length?

Judges for National Book Awards

The Arts Council has announced the names of the three judges for its first series of National Book Awards. Kingsley Amis will judge the Fiction award; Poet Laureate, Sir John Betjeman is to be the judge of the Children's Literature category and the historian, Dame Veronica Wedgwood will judge the Biography (or History) section.

A prize of £7,500 will be awarded to the winning author in each of the three categories.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871, 883897
Telephone: 01-248 8000

Friday September 14 1979

The dispute must end

IT IS ALWAYS dangerous when an industrial dispute becomes an all-out trial of strength between two powerful organisations whose credibility and self-respect are at stake. This appears to have happened in the engineering industry. Although the two-day strikes and the ban on overtime are causing very serious damage to the industry and all who work in it, there is no sign of a break in the dispute. To foreign observers, it will be seen as yet another example of the British tendency to inflict unnecessary damage on themselves at a time when the economy can least afford it; to customers, it will confirm the British reputation for unreliability. Among the engineering companies directly affected there is mounting anger and frustration that the national negotiations, which are generally less important for actual wage rates than local bargaining, should have led to this bitter and unprecedented confrontation. Yet the solidarity among employers appears to be at least as strong as on the union side.

Two tiers

It is likely that when the dispute finally is settled there will be a reappraisal on the part of many engineering companies about the wisdom of maintaining the two-tier bargaining system, at least as far as wages are concerned. The present arrangements are to some extent a hang-over from the past; the national negotiations cannot possibly take account of the wide diversity of conditions which exist throughout the engineering industry.

While some aspects of industrial relations may continue to be discussed and agreed at a national forum, engineering companies in future will be extremely reluctant to expose themselves to hte risk of a national breakdown such as has occurred this year. Any changes in bargaining structure, of course, could imply a reduced role both for the Engineering Employers Federation and for the Amalgamated Union of Engineering Workers; the latter organisation, in particular, may find such changes hard to accept.

All this, however, is for the future. The immediate question is how to bring the present dispute to an end and what scope there is for compromise.

In recent days the central issue seems to have become, not the argument about basic rates, but the union's demand for a one hour reduction in the working week, from 40 to 39 hours, this is seen as the essential first step towards a 35-hour week which the union wants to achieve by the early 1980s.

How strong a commitment to this goal there is on the part of the rank and file is open to doubt. Mr. Terry Duffey, president of the AUEW, hopes that a shorter working week will oblige companies to employ more people; he is also anxious to harmonise the conditions of staff and manual workers. In practice a reduction in the working week, if conceded, is likely to have one of two consequences. It may simply mean the same amount of hours are worked, but overtime is increased. Alternatively it may mean that a company's assets are utilised for one hour less per shift each week, adding to costs and reducing productivity. In either event the change imposes a cost penalty which the industry cannot afford, least of all at a time of high interest rates, a strong pound and difficult trading conditions.

For the UK engineering industry to start moving towards a shorter working week when its competitors, such as West Germany, have strenuously and successfully resisted it, makes no sense at all. It is unfortunate that Mr. Duffy should have been manoeuvred by his national committee into a position where it is extremely difficult for him personally to compromise on this issue: he appears to have a choice between total victory and allowing the dispute to drag on indefinitely. Yet some compromise will have to be reached if the damage to the industry is not to reach disastrous proportions.

Unpopular

There is not much doubt that the two-day strikes are increasingly unpopular among shop floor workers, but hopes that this discontent can be turned into a full-scale revolt against the union are almost certainly unrealistic. There has to be a negotiated end to the dispute and next Monday's meeting, under the auspices of the Advisory Conciliation and Arbitration Service, must be seen by both sides as the moment to get genuine negotiations re-started.

U.S. writ does not run here

THE FREE-RANGING American legal system has been worrying foreign companies doing business in the U.S. for many years. The breadth of American anti-trust legislation, the spectacular level of American liability awards and the unpredictability of corporate taxes imposed by individual states have to some extent impeded foreign investment in America, and may even have reduced international trade. But as long as American legal principles were confined within the boundaries of the U.S., foreign companies had no cause to complain. These were just costs of doing business in the U.S. Recently, however, American lawyers have been seeking to extend the reach of their laws to foreign companies doing business outside the U.S., on the grounds that even external activities can affect American interests in a highly interdependent world.

Last straw

It is therefore timely for Mr. John Nott, Britain's Trade Secretary, to anounce today that he intends to introduce legislation to safeguard companies operating in Britain which are threatened by the excessive zeal of American anti-trust officials. The fines of $6.1m imposed on seven shipping companies in June for allegedly illegal price-fixing on the Atlantic routes were perhaps the last straw which goaded the Government into action.

An earlier case, involving Rio Tinto Zinc and 28 other uranium producers was even more objectionable because RTZ was specifically prevented by protectionist legislation from trading in the U.S., but was still required to appear in an anti-trust action in an American court. The degree to which American anti-trust law is beginning to overreach itself is indicated, most recently, by a bizarre suit which has been filed against Opec, suggesting, among other remedies, a freezing of $50bn of Opec assets held in the U.S.

Mr. Nott's decision to resist America's tendency to impose its laws on the world is also timely because of two treaties, on double taxation and on the enforcement of civil judgements, which have been negotiated between America and Britain over the past three years and are now awaiting ratification. In both these treaties the balance of advantage appears to be tilted towards the U.S.

Tax treaty

The British Government has already suggested that it may not ratify the UK-U.S. tax treaty in its present form until Federal legislation is passed to protect foreign companies from the unfair "unitary" system of State taxation. The Convention on Civil Judgements, even after much renegotiation, still affords British manufacturers and insurers insufficient protection against unreasonable damages awarded by American courts. In addition, it could well extend the reach of anti-trust law and needs to be re-examined before it is signed.

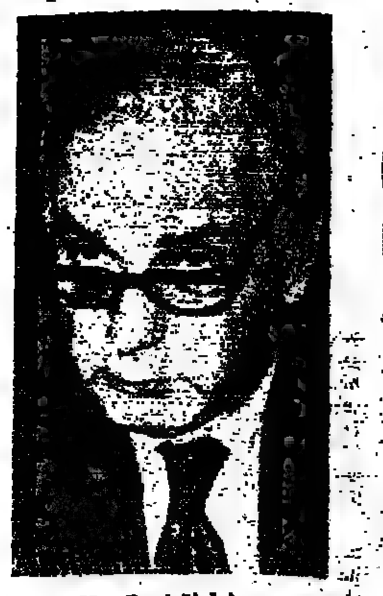
However, as Mr. Nott has recognised, a law specifically designed to protect British companies, operating outside the U.S., from American anti-trust law would be the most effective means of limiting the jurisdiction of American courts in such cases. Legislation to prevent British companies and citizens giving evidence in American anti-trust proceedings would almost certainly bind the American courts.

Rights

The U.S. would have no reason to feel aggrieved by this kind of legislation, since the history of American anti-trust contains numerous cases in which American courts, including the Supreme Court, have recognised that the rights of a sovereign state to regulate the actions of its own citizens on its own soil takes precedence over the claims of American anti-trust law. Indeed The Hague Convention on civil evidence, which both Britain and the U.S. have signed, states that a request from one state to another for evidence can be refused if a "State considers that its sovereignty or security would be prejudiced thereby." A clear assertion by the British Government of its own rights would benefit not only British companies, but the international business community as a whole.

U.S. INTEREST RATES AND THE ECONOMY By STEWART FLEMING in New York

Mr. Carter banks on the Fed's judgment



Mr. Paul Volcker

THERE WERE no illusions in Washington in July about the probable implications of appointing Mr. Paul Volcker as Chairman of the Federal Reserve Board in succession to Mr. G. William Miller.

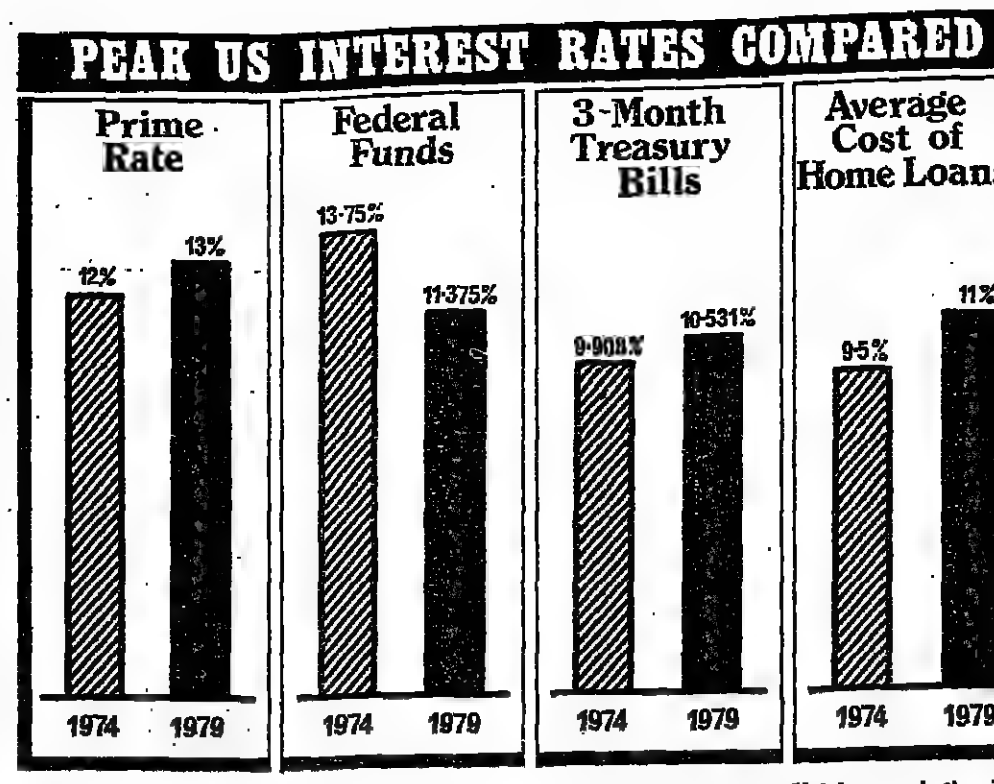
With the dollar under pressure and the Carter Administration being drastically reshaped, the President turned to Mr. Volcker as someone who would reassure the financial markets about Mr. Carter's continuing commitment to fighting inflation.

The then president of the New York Federal Reserve Bank was recognised as a man who was likely to take an agressive line in fighting inflation and to display sensitivity towards the problem of managing the dollar.

Now only six weeks after he took up his appointment these early expectations are being fulfilled. Short-term interest rates have risen sharply, partly in response to the stiffer anti-inflationary monetary policy the Fed has adopted, but also as a result of mushrooming short-term credit demands. The latter is a characteristic of the late stages of an economic upswing as corporate liquidity is squeezed by the burdens of carrying bloated inventories in a period of slowing profits growth.

The impact of the Fed's recent monetary moves on the economy is already provoking a sharp debate. There are fears that the central bank's actions will tip the economy into a deeper recession than the one many economists believe it is already in, so repeating the errors the Fed allegedly made in 1974. On the other hand the financial landscape since then has change dramaticaly making it very difficult for the central bank to estimate the effect its monetary policy will have.

President Carter himself is one person who must be hoping that the central bank's judgment about what is needed to slow the current cyclical inflation is shrewd.



Presidential liability

For as he gathers himself for the battle for the Democratic Party nomination and re-election it is looking as if the performance of the economy will be a serious liability to the embattled President, especially in the early tests of his popularity such as the Democratic meetings in Florida next month and in November. There a vigorous movement has been organised in favour of drafting Senator Edward Kennedy for the Democratic Party nomination, led incidentally by some of Mr. Carter's strongest supporters in the state in 1975 and 1976. Party caucuses and a state convention are coming up which, while they will fall short of a primary election, are a test of President Carter's popularity in Florida.

Already Mr. Carter's rivals for the party nomination are growing bolder, as well they might as they contemplate his present weakness. Senator Edward Kennedy, who seems to be inching towards declaring his candidacy, has indicated that he views the performance of the economy over the next few months as a key determinant in his decision on whether or not to run.

A measure of the challenge facing the President is provided by the latest economic data, including the recent trend of interest rates. It was reported last week that unemployment in August had begun what is widely expected to be a steady monthly rise, increasing to 6 per cent in August from the 5.7 per cent level.

At the same time the latest inflation figures (producer or wholesale price data for August) revealed that far from abating, the pace of inflation accelerated last month to an annual rate of 14.4 per cent, the biggest increase since January. The administration concedes that it does not now expect inflation to reach "acceptable" levels by year end.

In the financial markets the prime rate has been raised to 13 per cent by Chase Manhattan Bank, and other banks are expected to follow suit. Some Wall Street ecoomists are still saying that short-term interest rates have to rise and that prime could go to 13½ per cent later this year. Treasury Bill rates have for the first time gone over 10 per cent and the average cost of borrowing for a home loan has hit a record 11 per cent. In California, the hottest U.S. housing market, some of the biggest lenders have raised rates to 12 per cent.

For the Federal Reserve, as for the President, this backdrop presents a formidable challenge The central bank does not operate in a political vacuum. It was created by Congress and its governors have long recognised that in a democratic society there are political limits beyond which the Fed cannot exercise its nominal independence without running the risk of seeing that independence curtailed. Mr. Volcker, as a fragmatist is well aware that the chairman of the Fed cannot afford the luxury of being too doctrinaire.

Affirmation of policy

None the less, at this politically sensitive time, Mr. Volcker went before the House of Representatives Budget Committee last week and resolutely defended the Fed's policy. Far from underplaying the central bank's moves to tighten credit, the Fed chairman emphasised that the Federal Open Market Committee (FOMC), which sets monetary policy, "intends to continue its efforts to restrain the growth of money and credit, a growth that in recent months has been excessive."

He added that he did not know whether this would result in even higher interest rates—that depends in part on what is happening now to the economy—but he reminded his audience that interest rates must remain high while the rate of inflation is high, a statement which was interpreted as closing the door on an early easing by the Fed.

Mr. Volcker's bold public posture perhaps in part reflects a readiness to make the most of his "honeymoon" period with Washington's politicians. As a recent appointee the White House is in no position to undercut the decisions the Central Bank makes under his leadership, even if it had any inclination to, which for the time being it does not seem to have. Inflation is still judged to be the most damaging political liability.

Mr. Volcker and the White House must recognise that to some extent the Fed is a captive of the markets at present, in particular the foreign exchange markets, and will tailor their public comments accordingly.

Indeed, some observers suggest that given the pace of inflation, the renewed expansion of the U.S. money supply outside the Fed's targets, the surging growth of credit and the uneasiness about the dollar, the central bank, even without Mr. Volcker's leadership, would have put a firmer monetary policy into effect in the past six weeks. They are therefore cautious about coming to too firm a conclusion about the likely future course of monetary policy under Mr. Volcker, as unemployment mounts.

Undoubtedly another factor which will have influenced the Fed's decisions in this period is that it is easy to exaggerate the similarities between the present state of the U.S. economy and its condition in 1974. This is specially true of the likely impact of nominally high interest rates on the availability and demand for credit.

Whereas in 1974, when interest rates neared current levels, the U.S. was in the midst of a credit squeeze, this is generally perceived not to be the case now. The evolution of the financial markets since then, coupled with changes in inflationary expectations have weakened the Fed's ability to tighten credit with the result that it now has to push interest rates to even higher levels to achieve the same impact on the economy at a similar stage in the economic cycle.

The most frequently cited example of such changes is the housing market, traditionally the sector of the economy which has been hit hardest by rising interest rates because of ceilings on the amount of interest financial institutions which lend to home purchasers can pay their depositors.

Between 1973 and 1975 housing starts in the U.S. fell precipitously as lenders, faced with a cut back in the flow of savings, cut their lending commitments abruptly. Their depositors were looking elsewhere for better rates of return. It was a consistent pattern in the economic cycle in the U.S., with the housing sector leading the economy into recession.

This year, during which the commercial bank prime rate has been consistently around 11½ per cent, housing starts are down little more than 10 per cent on last year's buoyant figures and it is forecast that lending commitments by savings and loan associations will be down even less.

The new money market savings certificates introduced in June of last year, offering savers market rates of interest, have worked with a vengeance, attracting $150bn of investment into "thrift" institutions (savings and loan associations and institutional savings banks), and banks, helping to maintain deposit growth. The thrift institutions have also exploited other methods to secure funds, including packaging their mortgage loans and selling them in thep ublic debt market.

The banks too, which have been working hard and long at diversifying their sources of funds in order to avoid being squeezed, are having little difficulty so far in meeting soaring credit demands. Commercial loan volume at the banks has increased by around 25 per cent this year alone.

The basic reason for this, many economists maintain, is that the Fed has been too liberal in supplying reserves to the banking system, but banks have also organised themselves more effectively to get funds, out of international markets for example. They have been further encouraged to bring funds from the Eurodollar market to the U.S. by the Fed's decision last August to remove reserve requirements on such repatriated dollars making it more attractive to bring them back to the U.S.

Inflationary expectations

Throughout the 1970s the banks have been able, through issuing certificates of deposit, to attract funds without being constrained by interest rate ceilings on deposits. In the current cycle however banks have, as Mr. J. Anthony Boeckh, of Storey Boeckh Associates, a Montreal based economic consulting firm, points out, been making more intensive use of non-deposit sources of funds such as repurchase agreements, which avoid reserve requirements, and federal funds.

Another factor which has altered the way the economy reacts to high interest rates has been inflation and inflationary expectations. With inflation running at 13 per cent through much of this year the real cost of borrowing has been negative for some borrowers and low for others. Home buyers, for example have been comforted by the fact that capital gains and inflation have made house purchase appear cheap. Even at 12 per cent some lending institutions in California question whether the cost of money will curb demand for loans.

All these changes coupled with the mixed signals which the economic statistics are providing about the underlying strength of the economy are making it extremely difficult for both the Fed and private economists to judge just how tough the Fed's monetary policy now is and how close the U.S. is coming to seeing monetary policy bite so firmly that the availability of credit is curtailed.

Credit squeeze hedging

Economists who have complained that the Fed's monetary policy has been too relaxed are now hedging their bets on the likelihood of a credit crunch. Most of the obvious signs which might suggest an approaching credit squeeze are still missing, such as the widening of yield spreads between better and poorer quality borrowers, and tight lending conditions at the savings and loans association.

But legal limits on lending charges to consumers may well be close to constraining consumer lending in some states, commercial banking capital ratios have sunk to levels which are seen to be uncomfortably low and some banks have been sifting through their loan portfolios to identify customers who can be expected to suffer in a recession.

If the economy does slide deeper into recession over the next few months, as many private economists predict, then pressure in the credit markets could ease and the chances of a severe credit squeeze developing could begin to fade.

Some observers suggest that this is a course of events Mr. Volcker is counting on because the Fed could then hope to avoid the politically unpalatable prospect of having to tighten credit further at a time when unemployment has already begun to rise.

On this view the aggression with which the central bank has toughened its monetary stance in recent weeks in part reflects a canny political decision by Mr. Volcker to seize its opportunity while the going is good.

Even granting this, however, it will still leave economic policy makers facing the longer term problem of what to do about the steady upward racheting of the inflation rate which has occurred at the bottom of each of the past three economic cycles.

MEN AND MATTERS

When Winston beat the Crash

Winston Churchill was in New York, staying with a financier, when he saw an advertisement which took his fancy: "You can't go wrong on a Simmons mattress." He decided to speculate in Simmons' stock and quickly made £1,000. Churchill was one of the lucky ones; because his profit was made in the autumn of 1929, on the eve of the Wall Street Crash.

The anecdote comes from a book due out next month which claims to be the definitive study of the "most climactic financial disaster in history." The joint authors, Gordon Thomas and Max Morgan-Witts, are both tax exiles and I tracked Thomas down in Wicklow. There have been many other books about the crash of 1929, so what has this one—The Day the Bubble Burst (Hamish Hamilton)—to add?

Thomas soon convinced me that it was not a book but a manufacture. "We had 82 researchers in 23 countries and the preparation cost $350,000," he reeled off casually. "There should be 800,000 copies in hardback by the end of October." Reader's Digest, film companies and television—all have a stake in this blockbuster to mark the 50-year anniversary of a nightmare.

Writing the book, boiled down from the 14.5m words of the researchers, has left Gordon that it was not a book but a with some sharp impressions of Wall Street as it was. "There was a tremendously powerful Irish mafia, and Joe Kennedy was a complete predator." He is fascinated by the character of Mike Meehan, who handled RCA stock, lost $40m in 30 minutes one morning, but walked out of the crash with $90m.

Many Americans still think that the British financier, Clarence Hatry, was responsible for setting off the crash. "At the end of our research," says Gordon, "we came quite strongly to the conclusion that he was not."

"How many noughts in a million?"

With TV appearances looming, he was on his toes for the obvious and inevitable question. "Yes," he replied, "there are similarities we noticed between 1929 and 1979, especially in the U.S. Then, everyone was living on borrowed money—and now everyone is living on credit cards."

In Britain, there was a wave of confidence about the stimulus the economy would gain from electrification in industry. "People spoke about that in the way we now talk of North Sea oil," says Gordon.

Bond fever

As busted bonds attain a new dignity, not to mention value, there are some who ruefully recall grandpapa throwing his Ethiopian Railways stock on the fire. So-called "scripophily" being less than three years old, such wanton acts of destruction have also occurred more recently.

Robin Hendy, a stockbroker turned busted bond consultant, tells me he recently had to help out a firm of solicitors who had had "a clear-out." Among the discarded dross was a pile of not-so-worthless Chinese Government debentures which their owner had belatedly claimed.

"They were lucky—they hadn't thrown away that many," says Hendy. "But I know for a fact that one particular unit trust was shredding them for several days in the late 1950s." Even less fortunate, according to Hendy, is one of the big clearing banks (he declines to say which one). Managers at Stanley Gibbons recently quizzed a director of this bank about the mountain of paper he must be holding for clients. "He looked very shaken. After a few drinks he confessed that huge quantities had been destroyed."

But few shareholders whose erstwhile fancies feature in "The Defunct Book" will have kept their deposit receipts, thinks Hendy—and he is confident there are no major hoards of valuable bonds which will burst, once again, the bubble of City of Petersburg 4½ per cent 1901, and other never-redeemed investments.

The boom seems unstoppable. "More of a growth business than the stock market anyway," he says cheerfully, pointing out that Stanley Gibbons' turnover in this field has more than doubled—to £2.5m—in a year.

Ticket mountain

"There's no problem at our end," the Metropolitan Police assured me yesterday. "Tickets are still being issued. It's up to the courts to collect the fines." In other words, the three-week strike by Inner London court staff is causing an extraordinary log-jam. Well over 4,000 parking tickets are issued in London every day.

Dutiful citizens who pay up can expect the envelopes containing their cheques to be opened with the clerks return. For the rest, it could be a long time before the long arm of the law recovers its dues, if at all. A City reader trying to clear up confusion about a fine which he is not sure he has paid or not tells me his inquiry was answered with a circular emanating from the nerve-centre of London's traffic wardens in Portman Square—telling him they did not know either.

I telephoned the office of the Principal Chief Clerk to ask what was going on. "We don't know," said a spokesman. "We can't even get through to the courts because the operators are on strike too."

Healthy concern

The private medical insurance concern, Blue Cross and Blue Shield of Michigan, is apparently extending the hand of friendship to the troubled Chrysler Corporation (possible loss this year £500m). Blue Cross is to help out with a loan of £25m from its reserves.

The offer is going down rather better with Chrysler than the MG Owners' gesture, earlier this week, towards BL Cars. Chairman John Ricardo says it is a "vote of confidence" and is recommending acceptance. Blue Cross does, of course, have reasons for its interest in Chrysler's wellbeing, not least the fact that it insures 549,000 Chrysler workers and dependants.

Play that again

It is not only EMI which counted its chickens before they were hatched. A slim volume produced by Inter Company Comparisons on the music trade—a snip at £60—tells me that EMI Records has been having a bad time because of falls in sales of long-playing records: "Its parent company," I am informed, "recently sold half its interests in the record company to Paramount, a Gulf and Western subsidiary, for nigh on £62m."

Observer

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هكذا من الأول

POLITICS TODAY

Saved by the Bomb

WINSTON CHURCHILL once said in language unmistakably his own: "By a process of sublime irony," the world is facing a situation where "safety will be the sturdy child of terror, and survival the twin brother of annihilation."

That was the doctrine of deterrence, stated in 1955. It has been refined many times since so that it currently stands as mutual assured destruction (MAD). What it means is that neither nuclear superpower is likely to risk a direct atttack on the other because of the fear of nuclear retaliation. Given the present balance of forces, neither of them could expect to destroy the other's nuclear capability at one strike. The victim of the attack would still be able to hit back in devastating fashion. Such is the nuclear balance of power as we have known it over recent years.

It is impossible to prove it, but there is a strong case for saying that it is nuclear deterrence which has prevented major hostilities between the superpowers. It is also an essential part of the doctrine that the deterrent is extended to protect the superpowers' main allies. A Soviet attack on Western Europe, for instance, would carry with it the risk of American nuclear retaliation, or so it has been believed.

It is therefore disturbing to find that Dr. Henry Kissinger, the former U.S. Secretary of State and a principal architect of the theory of deterrence, has joined the sceptics. Dr. Kissinger told a recent conference in Brussels: "Perhaps even today, but surely in the 1980s, the U.S. will no longer be in a strategic position to reduce a Soviet counterblow against the U.S. to tolerable levels." In other words, the American capability to launch a first nuclear strike against the Sovet Union has become, or is becoming, unusable because the dangers of Soviet retaliation are too great.

Dr. Kissinger went on: "We must face the fact that it is absurd to base the strategy of the West on the credibility of the threat of mutual suicide. Therefore I would say—which I might not say in office—that the European allies should not keep asking us to multiply strategic assurances that we cannot possibly mean or, if we do mean, we should not want to execute, because if we execute we risk the destruction of civilisation." To put it another way, Western Europe can no longer rely for its defence, as it has done in the past, on the American nuclear umbrella.

Triad theory

Is Dr. Kissinger right? There is one respect in which he undoubtedly is. The strategic deterrent is conceived as a triad consisting of bombers armed with nuclear weapons, submarine-launched ballistic missiles (SLBMs) and land-based *intercontinental ballistic missiles* (ICBMs). The theory is that if one of the legs of the triad is destroyed pre-emptively, or fails to get through, the superpower can always rely on the others.

Yet the problem is that one leg of the American triad is becoming distinctly vulnerable. At some stage in the next few years the American land-based ICBMs could be wiped out by a Soviet attack on the missile silos. The U.S. Administration would then have to decide whether to retaliate with part of its arsenal already eliminated while the Soviet arsenal remained virtually intact. There are two conceivable outcomes: surrender or mutual destruction.

This possibility has come about partly because of the development of more accurate Soviet missiles in recent years (accuracy used to be regarded as an American prerogative), and partly because the U.S. land-based ICBMs are deployed at fixed sites. The Russians know where they are and can hit them. It is the thought that they might do so that led Dr. Kissinger to speak of "the window of danger" in the early 1980s. That does not mean, of course, that the Rusisans *will* do so. The risks would still be enormous. But the possibility is there, and it would be foolish to deny it.

In fact, the "window" will not remain open all that long. Anyone following the strategic arms limitation debate in the U.S. will have noticed that President Carter has approved a new ICBM system while at the same time seeking ratification of the second SALT treaty. When the new MX missiles are deployed in the mid-1980s, they will be mobile. The Russians will not know exactly where they are, so that the chances of a successful Soviet pre-emptive attack on American missile sites should be much reduced. That is the closing of the window.

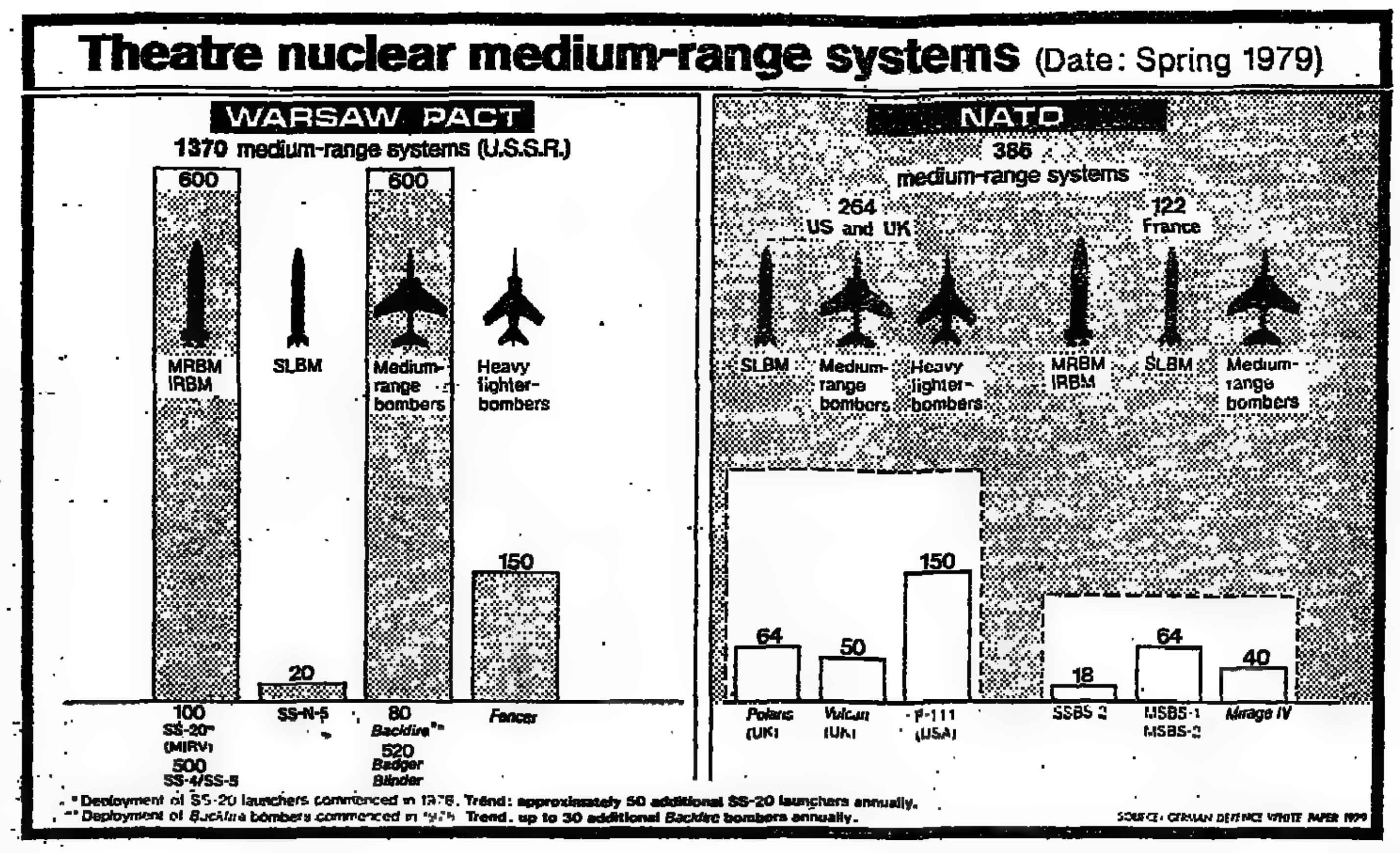
To anyone not deeply immersed in these matters it may seem paradoxical, even hypocritical, that the superpowers should be *talking* about strategic arms control while simultaneously developing major new systems. Yet that seems likely to be the pattern of things to come. It is not that the doctrine of srategic deterrence is being discarded, but that it is being constantly adapted to new technologies as each side seeks to prevent the other from gaining a decisive advantage, and perhaps to gain an advantage of its own.

It is precisely the fear that the Russians may be gaining an advantage that is behind another nuclear debate which has so far received much less public attention than SALT. The debate concerns nuclear weapons in Europe or what are generally known as theatre nuclear forces (TNF).

Strategic weapons are usually defined as intercontinental: anything less is theatre, and the theatre is Europe. What has happened is that the Soviet Union has developed a range of nuclear weapons targeted on Western Europe which could be sufficient, if present trends continue, to give it the edge in an exchange of hostilities on the European continent. The weapons include the SS-20 missile which is mobile and therefore cannot easily be destroyed in a pre-emptive or counter attack by the West, the Backfire bomber and, less important, a group of ballistic missile carrying submarines in the Baltic. The current state of play is well illustrated in the accompanying chart from last week's West German Defence White Paper.

Again, the doctrine is not new. Theatre, or tactical, nuclear weapons have been around for some time on both sides of the Iron Curtain. They form an essential part of the Western strategy of deliberate escalation. For instance, if a Soviet conventional attack on Western Europe proved impossible to resist by conventional means, the West would resort to theatre nuclear weapons to show that it was serious about using its nuclear power: or so the theory goes.

The problem is that while the Soviet theatre nuclear forces have been improving in both quantity and quality, the Western systems have been ageing. Many people have forgotten, no doubt, that the Vulcan bombers, which form part of the British contribution, are still in existence. It is therefore now being proposed to modernise the Western theatre nuclear forces.



The idea is basically American and stems from the NATO summit meeting in London in 1977, although the whole subject has been made more urgent by West German concern about the SS-20. The American package now being considered by NATO provides for the deployment of nearly 600 new U.S. theatre nuclear weapons in Western Europe in the next few years. They include the Pershing 2 ballistic missile which will have a range of over 1,000 miles and ground-launched cruise missiles (GLCM's, more familiarly known as Glickums) whose range will be even greater. With a range like that, it scarcely needs to be pointed out that their targets will be inside the Soviet Union. The strategy of deliberate escalation will continue because the West will be able to resort to its new theatre weapons if a conventional war is going badly, although the targets will remain more or less strictly military.

There could of course be snags, as there have been in NATO planning before. The West Germans are insisting that they should not be the only country where the new systems are deployed. That means the Dutch and the Belgians ought to come in as well, which could be difficult given the state of their politics. The Italians are considered safe, if they don't have to pay. The British may also insist that some of the cruise missiles which the Americans want to place in the UK should be built under licence or even British-controlled, thereby emphasising Britain's special role as a nuclear power. Yet as of this week the word is that a decision to deploy could be taken by NATO Ministers by the end of the year. The research and development is almost complete, the Americans will bear the bulk of the cost, and the weapons could start going into place in 1983.

So, one might say, Dr. Kissinger was right to sound the warning, but the warning is already being heeded. There may be the odd window along the way, but by and large deterrence is alive and well. It has merely become more sophisticated.

Yet one or two questions remain. First of all, whatever happened to the public debate, especially in Britain? Scarcely a word has been heard about TNF modernisation in Westminster, although in West Germany the subject is threatening to dominate the Social Democrat Party Congress in December.

Modernisation

Secondly, whatever happened to arms control? In fact, a NATO decision to go ahead with modernisation will be accompanied by an offer to negotiate a TNF limitation agreement with the Warsaw Pact, but nobody seriously believes that the Russians will consent to dismantle their SS-20s. The view is that the most that could be achieved would be an agreement to keep theatre nuclear forces within a certain ceiling, and even that is regarded as unlikely.

Not least, there is a question about the now unfashionable concept of linkage by which agreements between the Americans and the Russians on arms control were supposed to be tied to a general effort to lessen their competition elsewhere. Mr. Carter's Administration tells us that that is unrealistic: SALT 2 should be bought on its own merits. Yet without linkage it is difficult to see what it is worth since its impact on strategic rivalry will be so limited. The treaty has become a symbol of Soviet-American co-operation, but it is only a symbol. In the real world, for better or for worse, we continue to rely on deterrence at ever new levels, which is why we should not worry unduly if SALT 2 is not ratified.

Malcolm Rutherford

Letters to the Editor

Need of unit trusts

From the Technical Director, Antony Gibbs Financial Services

Sir,—I must take issue with the logic used by Mr. Pickering in his letter (September 11) which forecast the death of unit trusts for the small saver.

His first point is the problem of choosing between several hundred unit trusts. The alternative is to choose between several thousand quoted companies in the United Kingdom and an even greater number overseas. If the small saver is influenced by names that he knows well he will most likely be buying shares in companies that are household names but long past their most rapid period of expansion.

Also, as a small investor, he may find it difficult to obtain investment advice on individual shares and will not be able to obtain a prudent spread without a number of small holdings which are not likely to be economic due to dealing costs.

Although the range of unit trusts is increasing this is more an advantage than a disadvantage as most of the new trusts cover particular markets or sectors and hence the investor can be more selective. It is obviously the case that some management groups are more successful than others but information regarding past performance is readily available from several monthly publications and advice regarding unit trust investments is available from a number of professional advisers.

The point that the FT does not include "highs and lows" for unit trusts is an inconvenience to the keen investor but is hardly a reason for not using what is the most appropriate investment vehicle for many investors to hold equities.

Unit Trusts will die when there is no useful need for them. That situation does not apply today and nor is it likely to be the case as long as investment in equities is a viable proposition for the private investor.

John Tompsett,
Alderman's House, Alderman's Walk, EC2.

Name of the game

From the Managing Director, Plan Invest Group

Sir,—I read Mr. J. P. Pickering's letter (September 11) under the heading, "Death of Unit Trusts," with interest and sympathy for the views he expressed therein.

A year or so ago the Unit Trust Association produced the first of a new publication called "Unit Trust News." Sadly its main force was devoted to unit-linked life assurance products and, so far as I can recall, did not even inform the reader how often it was to be published, from where he might obtain it nor at what price. Whether the publication is still available I do not know, perhaps the Unit Trust Association will tell us all?

Mr. Pickering's reference to the difficulties of choosing unit trusts, "by reference to their titles" strikes a particular chord and two examples will serve to demonstrate the validity of his argument, viz: 1 Tyndall London Wall Extra Income Growth; 2 Midland North America (until a few months ago this was called Midland International giving one the impression of a geographically widely-based fund with no particular concentration in any one market).

The tendency to change a name is not always to more accurately describe the fund, as clearly was the case with Midland, but to "bury" previous poor performance or to reflect the change in ownership of the fund.

Most professional investment advisers will agree that what you buy and sell is not as important as when you buy and sell and this is as true of unit trusts as it is of stocks and shares owned directly. To my knowledge, no unit trust management group has any mechanism for advising its unitholders when they should sell their units and this is perfectly understandable, but there are companies which provide an advisory service for the public—recommending unit trusts, purchasing them and thereafter valuing and reporting upon them at frequent intervals and advising when they should be sold and something different purchased.

The only consolation I can offer to Mr. Pickering is that as one of those companies we, too, find the number of unit trusts far too many to follow as adequately as we would like to and we, too, find their titles misleading (and particularly the ones described as "International").

There are, however, a number of publications which provide the performance records Mr. Pickering seeks including the "Unit Trust Year Book" offered by Fundex Ltd. of Greystoke Place, Fetter Lane EC4A 1ND, and the monthly magazine "Money Management and Unitholder" by the same publisher.

There are a growing number of companies who provide the service offered by my company for over five years and most stockbrokers nowadays pay much closer attention to what they choose to call "secondary investments" than they used to. Across the country (with some inevitable concentration in London) there are some half dozen companies transacting sufficient volume in unit trusts to have an adequate knowledge of their underlying portfolios to be able to advise on selection for persons who have either modest or substantial capital.

P. R. D. Hayes.
National Westminster House, Market Place, Macclesfield.

Inflated exports

From Mr. J. D. M. Hardie.

Sir,—In late July you published a letter from Mr. D. Franklin in which he quoted the German experience as showing that a strong currency is no hindrance to export trade provided the product is well designed for its market and delivered on time. It does not sound as if Mr. Franklin has had the task of explaining to overseas customers year after year why it is that the price of a British product rises every year. The British exporter has to quote prices affected by British inflation. This problem is lessened if the pound is falling in value, but the combination of high UK inflation and a strengthening pound makes British exports unreasonably expensive to a foreign buyer when compared to the same article's price of the previous year. The German exporter has had the huge advantage of a low home inflation rate and Mr. Franklin's letter would have been of more value had he acknowledged this fact.

J. D. M. Hardie,
Chesterhill, Humbie. East Lothian.

The third airport

From Mr. Norman J. Dyer.

Sir,—I refer to the letter from Mr. B. Williams (September 12) advocating the development of Stansted as the third airport. Without going into all the pros and cons of this site, surely his final point that "developing Stansted would offer employment to many thousands of people thus bringing prosperity to the area" is equally "relevant" to any area. (I do not say "true"—as prosperity must not be judged solely in monetary terms, but also environmental conditions must be taken into consideration.)

The south-east in general and the Stansted area in particular have a comparatively low rate of unemployment in comparison to the many areas of high unemployment—many of which will get worse if such organisations as BL carry out their threats to close or prune down some of their factories. Surely if a third major airport is really required—which is another debate in itself—then this should be sited where there is already an underemployed work-force, which is not in the south east at all, but possibly in the Midlands. Otherwise all that will happen is that the unemployed will be required to move unwillingly to other areas, with all the consequent complications and upheavals. No, Stansted or the other suggested sites are not the answer to this problem. Let the powers-that-be take a much wider view of the situation.

Norman J. Dyer,
51 Aldwych, WC2.

From Mrs. Susan Forsyth

Sir—Mr. Williams' letter of September 11 needs an answer. To put the record straight:

(1) the Chelmsford inquiry into Stansted as the Third London Airport was for two runways not four;
(2) Roskill omitted Stansted after carrying out a cost benefit analysis on a reduced medium list of 15 sites — Stansted came ninth out of those 15;
(3) the size of the airport presently being evaluated by the Study Group would be almost twice the size of Heathrow;
(4) the existing runway has a far from perfect alignment and the terminal facilities are all temporary. If a second runway were needed at Stansted it is quite likely that all existing facilities would be scrapped:
(5) the Hertfordshire County Council have done a preliminary study of noise nuisance at the suggested sites and have found the noise footprint for Stansted to be the worst of all six;
(6) the unemployment problem in the Southend area is far greater than that around Stansted — development of Maplin would find a work force ready and waiting.

Please Mr. Williams, first check your facts.

Susan Forsyth,
North West Essex and East Herts Preservation Assn.
Fortescues Farm, Good Easter, nr. Chelmsford, Essex.

EEC food subsidies

From Mr. B. Gardner

Sir,—I am fascinated by your report (September 12) that Sir Henry Plumb is to demand changes in the system of EEC agricultural exports. Sir Henry appears not to understand the controls which the EEC Commission is able—if it wishes—to exercise over subsidised agricultural exports. In the process, he is unwittingly helping the Agricultural Directorate of the Commission to obscure the truth about the Commission's responsibility in such matters as the continued subsidised export of high-priced EEC butter at give-away prices to the Soviets.

I do not think that anyone with any detailed knowledge of agricultural trading and the working of the Common Agricultural Policy—whether supporter or opponent of the policy—would accept Sir Henry's statement that the "Commission is no longer involved in these subsidised exports.

The facts are reasonably clear. The Commission is responsible under the derived legislation contained in the Market regulations of the CAP for deciding whether or not an export restitution should be paid on a commodity, the level at which that restitution should be set and for deciding whether or not exports to certain destinations should benefit from these subsidies.

This responsibility it has exercised in the case of butter exports to the Soviet Union by deciding that the maximum subsidy should be paid on butter to all third-country destinations and that the Soviet Union should not be excluded from these subsidised deliveries. The Commission has also decided that the level of subsidy payable should remain fixed for a very long time, thus giving traders a considerable degree of security.

Until June, 1978, the export restitution on butter was altered by the Commission at regular intervals. Since then it has been fixed at 198.9 ECU/100 kg. Furthermore, throughout the subsequent period the trade has been well informed that the Commission would be unlikely to alter this figure. It is thus no longer necessary for butter exporters to worry about using the "surveillance system" of which much was made by Commission president Jenkins and Commissioner Gundelach at the time of the last row over EEC butter exports.

This system allows only traders who apply for advance subsidies to be questioned on the destination of their consignments. Under the system which has operated since June, 1978, where it is tacitly understood by all parties to the deal that the restitution will remain unchanged, the exporter does not prefix his subsidy, takes the subsidy on the day of export and the Commission only knows the amount and destination long after the butter is delivered.

Under this arrangement, large exporting organisations trading with the USSR and the Eastern Bloc no longer need to consult with the Commission to finalise their deals. It is quite clear, however, that they have the Commission's silent complicity in this trade.

If Mr. Gundelach were seriously concerned to stop the butter sales to the USSR he could do so tomorrow: not by any change of "the entire agricultural export system," but merely by banning the payment of subsidies on any deliveries to the Eastern Bloc and closely monitoring future deliveries to neighbouring non-Communist countries.

Brian Gardner,
Agra Europe (London), 216, Rue Stevin, Brussels.

Postal delays

From Arthur S. Wilshire.

Sir,—By this morning's post (September 5) I received a letter from Yeovil post marked September 4 and another from Ipswich post marked August 28; the former was paid First Class and the latter Second. The saga of delays in the post does, I believe, deserve continuing comment.

In the days when we referred to the Royal Mail recipients of letters, both important and otherwise, were geared to replying by return of post knowing that their response would be unlikely to take more than 24 hours to reach the addressee almost anywhere in the UK. This helped to keep commerce and industry on its toes. Many of us have continued until very recent years to strive to give that same urgency to our mail—not only in courtesy to those who write to us but as an essential factor in the interest of one's business. No longer, however, is there any such inspiration and I wonder just how much business has been lost because of postal delays and which use of the telephone could not overcome. I believe that we have become brainwashed so much into the acceptance of these delays that we are now only too glad to use them as an excuse not only to ease up but even to prevaricate in negative reaction.

Communication is so essential a part of commerce and industry today and unless speed and reliability of transmission through a postal system is of the maximum, business must suffer. The present postal authorities (and all their employees because of the present Trade Union system?) seem incapable of effecting any improvement; indeed, matters get worse and one wonders whether this is a part of a massive attack on our economy and society. It is time that competition in the carriage of mail came into being.

Is the mail unnecessarily cluttered by too much advertising and other circulated matter and, if so, might such part of the mail be taken out of our waste-paper baskets in- our waste paper baskets immediately after receipt.

Arthur S. Wilshire,
Pelham Lodge, Spencer Road, Ryde, Isle of Wight.

Today's Events

GENERAL

UK: Zimbabwe-Rhodesia constitutional talks continue, Lancaster House, London.

Senior shop stewards of the Transport and General Workers' Union from all BL plants meet at Transport House, Birmingham, to discuss company's plans for reducing manning levels.

Mrs. Margaret Thatcher, Prime Minister, visiting Devon—returning to London in the evening to be host at a working dinner for President Nyerere of Tanzania, 10 Downing Street.

Mr. William Whitelaw, Home Secretary, addresses Royal Television Society convention, Kings College, Cambridge.

Talks between Distillers and unions on unofficial strikes at seven bottling plants.

Water workers of National and Local Government Officers' Association meet on pay claim, Central Hall, Westminster.

Second day of Scottish National Party conference, Dundee.

Overseas: Statement in Paris by Sir Keith Joseph, Industry Secretary, on his two-day talks with French Ministers.

OFFICIAL STATISTICS

Retail prices index (August). Tax and prices index (August). Building Societies' receipts and loans (August).

COMPANY MEETINGS

Associated Tooling, 116, Pall Mall, SW, 12. Avana Group, Park Hotel, Cardiff, 3. D. F. Bevan, Midland Hotel, Birmingham, 12.15. Letraset, Cafe Royal, W, 12.15. RFD, Winchester House, EC, 12. William Ransom, 104, Bancroft, Hitchin, 2.45. Thorn Electrical, Dorchester Hotel, W, 12. J. Waddington, Wakefield Road, Leeds, 12.

Profit falls at Pearson and Pearson Longman

PROFITS BEFORE tax and minorities of S. Pearson and Son fell from £22.12m to £20.55m for the half year ending June 30, 1979. Its quoted subsidiary, Pearson Longman, reports pre-tax profits down from £11.39m to £10.52m over the same period due mainly to a fall in profits at the Financial Times and increased losses at the Penguin Publishing Company.

Both S. Pearson and Pearson Longman are declaring an interim net dividend increased from 3p to 3.75p.

A 26 per cent fall in pre-tax profits from £6.36m to £4.68m in S. Pearson's subsidiary Doulton and Co., contributed to the overall downturn at S. Pearson.

About half of Doulton's important tableware sales are accounted for by exports and the subsidiary suffered from the effects of a strong pound. It also suffered from transport strikes in the first two months of the year. Engineering profits of Doulton were down too.

Although no divisional split of the contribution of S. Pearson's various activities is shown at the halfway stage, the group said yesterday that Whitehall Trust, which includes the Lazard Brothers banking business, was ahead by 20 per cent on the comparable period last year. Midhurst Corporation, which takes in Pearson's North American interests, also showed a strong improvement of over 50 per cent. Madame Tussaud's, the family entertainment business, produced a modest improvement.

Head office costs were higher as a result of increased interest charges on larger borrowings.

S. PEARSON AND SON

	Half-year 1979 £000	1978 £000
Turnover*	218,770	189,480
Group profit	20,552	22,116
To minorities	5,631	5,114
Pre-tax profit	14,921	17,002
Tax	5,824	6,249
Net profit	9,097	10,853
Extraord. credits	†9,792	1,726
Available	18,889	12,379
Preference div.	9	9
Interim ord.	2,567	2,053
Retained	16,313	10,317

* Excluding banking and investment income. † Includes profit after tax of £8.2m on sale of approximately one half of the group's interest in Ashland Oil.

Extraordinary credits of £9.79m include a profit after taxation of £8.2m on the sale of approximately one half of the group's interest in Ashland Oil Incorporated.

At Pearson Longman heavy initial costs of starting the Frankfurt newspaper have affected the performance of the Financial Times. The benefit of the revenues from the new Frankfurt operation has yet to be felt.

HIGHLIGHTS

Decca's problems have seriously deteriorated and the company has returned a loss for the year to last March. Lex does not foresee any recovery in the near term. In an active day on the bid front **GEC** has made its long expected offer for Averys, though at a substantially lower level than the stock market was looking for and **Spillers** has produced its main defence document to try and fend off the **Dalgety** offer. Elsewhere Lex takes a look at the full money-supply figures for August. On the inside pages the **Prudential** figures underline that the UG general domestic market remains the one black spot. Interim figures from **Booker McConnell** dent its rather impressive growth record, but the company is still looking for a small improvement for the year. **Dutton-Forshaw** continues under the shadow of BLs problems as it labours to diversify, and **British Mohair's** first-half figures are lower. **British Vita** has been helped along by acquisitions, while the second quarter at **Richards and Wallington** more than made good the first quarter's losses. **Lead Industries** has been supported by associate income and finally **Camrex** comes out with some surprisingly good figures.

Losses at Penguin Publishing Company increased from £23,000 to £478,000 reflecting the company's move into a new office block. The company's performance was also affected by a strong pound.

Profits at Westminster Press eased from £5.36m to £5.25m after bearing the costs of disputes at Uxbridge and York.

Longman Holdings showed an increase in profits from £2.77m to £3.76m, reflecting the profit from reducing its Nigerian interests to associate status. Ladybird Books recorded a static first half but a price rise has yet to work its way through.

With a lower tax charge — down from £5.78m to £4.14m—the net surplus after extraordinary items shows a near 14 per cent increase from £5.64m to £6.42m. Earnings per share are up from 13.66p to 15.54p.

PEARSON LONGMAN

	Half year 1979 £000	1978 £000
Turnover	92,019	82,223
Financial Times	20,933	16,808
Westminster Press	39,573	36,423
Longman Holdings	18,337	17,317
Penguin Publishing	11,083	8,814
Ladybird Books	2,495	2,359
Loss inter-company	412	598
Pre-tax profit	10,518	11,393
Financial Times	2,157	3,409
Westminster Press	5,247	5,356
Longman Holdings	3,760	2,758
Penguin Pub. loss	478	23
Ladybird Books	347	348
Pearson Logmn. loss	515	467
Tax	4,138	5,776
Net profit	6,380	5,611
From minorities	37	30
Available	6,417	5,641
Preference divs.	11	11
Interim ord.	1,546	1,237

DOULTON AND CO.

	Half year 1979 £000	1978 £000
Turnover	110,652	101,252
Minorities	318	215
Attrib. pre-tax profit	41,692	6,555
Tax	1,649	1,141
Extraord. credit	9	—

Trafford Park advances

PROFITS of Trafford Park Estates, property and warehouse group, came out higher at £798,401 against £699,935, for the year ended June 30, 1979, after all charges including tax of £330,151 compared with £333,083.

At halfway, net profits were £341,192 (£300,115).

On increased capital, earnings per 25p share are shown as 7.15p (8.12p) at the year-end. The dividend is stepped up to 4.96p (4.06p) net with a final, as forecast, of 3p.

Gross income for the year rose from £3.05m to £3.56m, split as to rentals £1.89m (£1.7m) and warehousing and trading £1.67m (£1.35m).

After minority interests the amount attributable emerged at £763,483 compared with £675,988.

There was an extraordinary debit of £131,004 for the period. This comprised the excess of cost of the acquisition of shares in H.T. Investments—acquired in April—over the estimated amount realisable on liquidation of that company, and the loss on chief rents redeemed.

Dividends for the year will absorb £453,615 against £337,428 last time.

Richards & Wallington near £1.2m at midway

EXCELLENT second-quarter results enabled **Richards and Wallington Industries** to recover from a poor performance in the first quarter and pre-tax profits for the first six months amounted to £1.18m against £1.2m in the same period last year.

Trading has continued well into the third quarter and the directors are confidently forecasting that trading profit will exceed that for last year and that 1979 will be a record year.

The interim dividend is lifted from 1.66p to 1.85p. The total last year was 5.03885p when pre-tax profits were £3.03m.

Turnover for the first half amounted to £18.16m against £16.97m. The tax charge is £120,000 (£158,000) and there are extraordinary debits of £196,000 against £34,000.

The Birmingham-based group hires cranes, tower cranes and general construction and industrial plant both at home and overseas.

● comment

Richards and Wallington suffered a severe loss in the first quarter but the subsequent three months picked up to the extent that, stripping out currency losses and the effect of the Eurodollar loan repayment, interim profits are up by 17.3 per cent. Plant utilisation is currently running as close to 100 per cent as a hirer may reasonably expect and rates have been increased by 15 per cent since January. The group candidly admits that it can so no reason for such buoyancythe work load is described as exceptional% but profits could be on course for £3.5m pre-tax this year. After a negligible contribution from overseas operations in 1978, activities in Holland, France, Indonesia and the joint venture in Hongkong may be worth some £300,000 pre-tax and there is no sign yet that the inexplicable boom in the home market is about to subside Capital expenditure will be down this year and the group is aiming to cut gearing from 181 per cent in the last balance sheet to 140 per cent by December. This target should not inhibit a rise in the final dividend of perhaps 15 per cent in which case the yield would be an attractive 11.5 per cent at 72p. But this level of income, together with a prospective fully taxed p/e of 5.9, is explained by the quirky nature of the half-time recovery.

Booker marginally lower at £9.3m in first half

ATTRIBUTABLE PRE-TAX profits of Booker McConnell were marginally down from £9.67m to £9.27m for the first half of 1979, on increased external turnover of £306.1m against £258.4m. However, Mr. Michael Caine, the chairman, of the international, food, engineering and trading group says the shortfall in profitability should be fully recovered in the second six months.

Profits before tax and minorities for the period were little changed at £10.89m against £11.01m. In the previous full year, a record £24.51m was achieved.

The chairman says that the engineering sector suffered a short-term setback to its growth. The road haulage strike had a marked effect, while the level of orders in some of the group's businesses is too low.

The strength of sterling has been a disadvantage in nearly all divisions, but the deterioration in profitability of the food distribution side in 1978 has been reversed.

Profits before tax and interest were £12.32m (£11.69m) and comprised (with £000s omitted): Engineering £3.409 (£4,775), food distribution £2.361 (£1.446), spirits and liqueurs £2.309 (£2.261), health products and pharmacies £1.301 (£862), overseas trading £529 (£485), shipping £449 (£450), agriculture £497 (£504), authors £859 (£507), and parent company £599 (£396).

Mr. Caine adds that food distribution continues its recovery in the second half. But although engineering will not do as well as in 1978 there is encouragement in its recent acquisitions and new product development.

Business conditions for the next year or so will make the achievement of profit increases in real terms a tough and demanding task, he points out. The priority is organic growth through existing businesses, supplemented by appropriate acquisitions.

After an increased tax charge of £3.98m (£2.03m) stated earnings per 50p share were down from 24.56p to 16.94p. The interim dividend is stepped up to 5p (3.95p) net and the directors intend to recommend a final of not less than 6p (3.952p) making a total increase of 39 per cent.

UK companies improved profits from £10.8m to £10.93m while the North American contribution was up from £14,000 to £443,000. Remittances received from other overseas subsidiaries were £937,000 (£667,000) and from overseas trade investments, nil (£202,000).

Tax charge has been calculated in accordance with SSAP 15, but the Board explains that it was not possible to recalculate the comparative charge on the same basis. As an approximation, the amount deducted for tax has been taken at the same proportion of profit as that applicable to the full year's results for 1978.

The group's share of profits from an associate, Goodman Equipment Corporation have not been included in the six months results, but will be incorporated in the full year's figures.

There was an extraordinary debit of £850,000 (£23,000 credit) arising mainly on the conversion into sterling of assets and liabilities overseas, reflecting exchange rate movements.

	Half year 1979 £000	1978 (restated) £000	Year 1978 £000
External turnover	306,100	258,400	587,700
Engineering	68,000	56,800	116,200
Food distribution	184,300	158,100	369,500
Spirits and liquers	17,900	14,200	38,100
Health products, pharmacies	34,500	18,800	42,200
Other operations	19,800	17,100	38,800
Less internal transactions	8,400	4,800	14,100
Profit	12,313	11,885	25,994
Interest paid*	1,423	877	1,485
Profit before tax	10,890	11,008	24,509
Minority interests	1,619	1,354	2,920
Attrib. pre-tax profit	9,271	9,655	21,589
Taxation	3,978	2,028	4,539
Net profit	5,293	7,627	17,050
Pref dividends	13	13	25
Attrib to ord.	5,280	7,614	17,025
Extraordinary deficit	850	†23	†3,118

* Less received. † Surplus.

● comment

Booker McConnell's shares had a splendid run earlier this year, backed by the company's excellent growth record and high dividend cover, which suggested a strong rise in the payout once controls were lifted. Unfortunately, the interim figures rather dent the record of consistent growth, and the dividend increase—from 11.54p to 15.71p gross—still leaves a cover of more than two on prospective current cost earnings. Engineering profits suffered badly from the haulage strike, and an improvement in margins on the food side as the supermarket price war fizzled out has not made up the difference. The company is still looking for a slight improvement by the year end on last year's £24.5m, but this depends very much on how long the engineering strike continues. The yield is around 5 per cent andy the prospective p/e—on a somewhat higher tax charge—less than 7 at 318p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bifurcabed Eng. ......int.	1.15	Oct. 23	1	—	3.1
Booker McConnell ...int.	5	Dec. 3	3.95	—‡	7.9
British Mohair ......int.	0.96	Oct. 30	0.7	—	3.14
British Vita ....int.	2.4	—	0.89*	—	2.23*
Brooks Watson ......int.	0.75	Nov. 12	0.65	—	2.6
Camrex ....int.	1.64	Nov. 23	1.64	—	4.02
Derek Crouch ....int.	1.48	Nov. 2	1.39	—	4.4
Decca	nil	—	8.6	3.3	11.9
Dutton-Forshaw ......int.	1.25	Jan. 3	1.25	—	3.13
El Oro ....int.	1.4	Oct. 30	1.1	1.4	1.1
Exploration ....int.	0.7	Oct. 30	0.55	0.7	0.55
James Fisher ....int.	1.5	Nov. 2	0.57*	—	1.14*
Friedland Doggart ...int.	1.75	Nov. 12	1.34	—	3.49
Harmony Gold Mng. int.	85**	Nov. 9	37	—	90
Lead Industries ......int.	3.7	Nov. 30	3.3	—	8.29
Prudential ....int.	3.5	Nov. 22	2.74	—	8
Richards & Wilgtn. int.	1.85	Oct. 23	1.66	—	5.04
R. Dutch. Petrlm. ...int.	5.5¶	—	5	—	10.75
Sale Tilney ....int.	3.15	Nov. 30	2.7	—	5.63*
Schroders ....int.	3	Nov. 1	3	—	11.57
Scottish European ...int.	0.4	Dec. 14	0.4	—	1.65
Second City	1.45	Nov. 3	1.25*	2.01	1.75*
Shell Transport ......int.	10.43‖	Nov. 9	5.28*	—	9.77*
Trafford Park	3	Nov. 15	2.36	4.96	4.06
Travis & Arnold ......int.	1.16	Nov. 2	0.77	—	4.26
Western Selection	0.87	Oct. 26	0.87	—	2.1
West of England Tst. ...	1.48	—	0.88	2.5	1.53
James Wilkes ....int.	1.5	Oct. 26	1.5	—	4.13
Winston Estates ......int.	0.7	Nov. 1	0.5	—	1.42

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ 6p final forecast. § 20 per cent increase in final forecast. ¶ Comprises 8.279p entitlement from Royal Dutch/Shell companies and 2.153p on ACT reduction. ‖ Dutch florins. ** South African cents.

British Mohair falls to £915,000

TAXABLE profits of **British Mohair** fell from £1.34m to £915,000 in the first half of 1979 on turnover marginally ahead from £13m to £13.1m. The group warns that the surplus for the year will be less than the record £2.8m for 1978.

But the interim dividend is being lifted 20 per cent from 0.7984p net to 0.9581p and the Board intends to increase the final by the same amount. Last year's final was 2.3426p.

The directors add the outlook for the next six months largely depends on the cost of raw materials. But they add that the specialised nature of their products and increasing contribution from subsidiaries in other areas should enable them to successfully withstand the present recession.

The Board points out that the weight of worsted spun yarn delivered in the UK fell in the first half, compared with last year. But in spite of the strength of sterling export deliveries have been maintained.

Following a significant fall in the price of mohair from the extremely high levels of six months ago, the Board has adopted the usual practice of valuing stocks at market price (if lower than cost). This has resulted in a substantial write-down. However, as most of the material has been sold in finished products the amount of write-down should be recovered when deliveries are made.

● comment

British Mohair's profits shortfall in the first half was not unexpected in view of the 20 per cent slump in mohair prices, which hit margins through a substantial writedown. About half the setback is attributable to weaker trading in the home market, where demand for hand knitting yarns and ladies knitwear came off the boil. On the other hand exports, which account for more than a third of group sales, edged higher in spite of the unfavourable currency movements and dull trading on the upholstery side in Germany. For the second half a lot will depend on the price of mohair but pre-tax profits of around £3.3m for the year look a likely target. The shares dropped 5p to 49p yesterday but this appears to be an over-reaction in view of the prospective yield of 11.2 per cent, which is slightly better than the textile sector generally

GLOBE INVEST.

Globe Investment Trust announces that £8,953,852 of its 5½ per cent convertible unsecured loan stock 1987/91 has been tendered for conversion into ordinary and £1,947,462.75 ordinary stock falls to be allotted in respect of such conversion.

£338,175 of the 6½ per cent convertible unsecured loan stock 1985/90 has been tendered for conversion into ordinary and £97,225.35 ordinary stock falls to be allotted in respect of such conversion.

Travis and Arnold rises 11%

AFTER A difficult start, Travis and Arnold improved pre-tax profits by 11 per cent from £2.15m to £2.41m for the first half of 1979. Sales were 52 per cent higher at £46.54m, but the figure included Ellis and Everard Building Supplies, which was acquired at the end of August, 1978.

The road haulage strike and the severe weather reduced sales and profitability below budgeted level for the first two months of this year. Since the end of March there has been an improvement in performance which the board hopes can be maintained.

The assets acquired from Ellis and Everard are beginning to perform well and the board remains confident of an increasing net contribution from this source.

Net interim dividend is lifted from 0.7725p to 1.16p per 25p share—last year's total was 4.2586p on £4.69m profits.

The first-half result was struck after interest charges up from £60,000 to £310,000. Tax takes £1.25m (£1.13m) and there was an extraordinary profit of £226,000 this time, on the sale of properties, leaving the available surplus at £1.38m, against £1.04m.

Preference dividends absorb £14,000 (same) and after ordinary dividends, net of waivers, of £96,000 (£51,000), retained profits were up from £979,000 to £1.27m.

Former executive changes sides in Berwick dispute

BY ARNOLD KRANSDORFF

Mr. Bob Holden, a former senior executive of Berwick Timpo, has swapped sides in the dispute over the company's future management structure, which will be decided at an extraordinary meeting next Wednesday.

Earlier this week he gave his support to Mr. Torquil Norman, a former chief executive who is fighting to return to the board.

But yesterday, in a letter to shareholders, the chairman, Mr. John Oakley, reproduced the text of a telex quoting Mr. Holden as saying: "Maintain highest regard for Torquil Norman but believe current board of directors is essential for the company's future success."

Mr. Holden left Berwick Timpo in 1973 to work in the U.S. Mr. Norman wants to displace three members of the current board, including Mr. Oakley. Four directors have pledged to resign if Mr. Norman returns, including three managing directors who have also changed their allegience.

Meanwhile, acceptances have been received in respect of 1,204 shares (0.02 per cent) in connection with the technical offer worth 75p per share for the company by Mr. Norman and others.

The offerors and persons acting in concert with them hold in aggregate 37.8 per cent of the company's shares and they have not acquired or agreed to acquire any further shares during the offer period.

The offer has accordingly lapsed.

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Decca suffers turnround to loss of £384,000

Decca slumped to a loss in the year to March 31, 1979. The group suffered a turnround from a taxable profit of £12.3m to a £384,000 loss on turnover down from £186.3m to £182.5m. The directors blame the reversal on the strength of sterling, rising labour costsa nd higher interest charges.

There is to be no final dividend. The interim payment was pegged at 3.3p net after half-yearly taxable profits had *fallen* from £5.22m to £2.46m and last year there was a final of 8.59643p.

The consumer side made *a loss* of £1.76m, before deducting interest, against £501,000 profit. On *capital goods the profit plunged* from £14.4m to £5.9m. Consumer goods turnover fell from £79m to £70.7m while that of capital goods rose from £107.3m to £111.8m.

The group's interest charges jumped from £2.61m to £4.55m, and the exchange loss deepened from £488,000 to £1.57m.

In addition the loss on reorganisation, cessation and disposal of activities increased from £205,000 to £1.46m.

After tax, minorities and special debits of £2.9m (£693,000, comprising exchange loss, organisation and disposal losses and a net surplus of £119,000 on sale of trade investment, the attributable loss is £5.26m, compared with £4.1m profit.

After dividend payments the deficiency *is £5.94m, compared* with £1.81m retentions.

The directors say that exports of £58m represented 43 per cent of UK output. The strengthening *of the pound* throughout the year created an increasing competitive disadvantage for Decca. They were unable to increase selling prices adequately and were indeed under pressure to reduce them despite rapidly rising costs.

The rising costs consisted in part of substantial increases in UK wages and *salaries. In* addition, prolonged industrial action in some areas disrupted *production* causing loss *of* output and increased costs. Total UK wages and salaries for slightly fewer employees rose by nearly £6m to £39m.

The increase in UK clearing bank base rates when bank borrowings rose partly to finance higher capital goods stocks and debtors less creditors.

The marine radar *business* was seriously affected by the strong pound and rising costs. As a result, total *profits* from radar were only marginally better than breakeven.

During the five five months of this financial year the three main adverse factors have continued. The further strengthening of the £ in relation to the U.S.$ and the Japanese Yen represents a greater competitive disadvantage. UK clearing bank base rates *have moved* up to 14 per cent and industrial action continued in certain areas until August.

The directors add that economies are being made throughout the group, especially where *demand for products has fallen.* It is also moving ahead with new developments, particularly in areas where increased demand and profitability are foreseen, and modernisation projects recently completed are producing higher output at lower cost.

The Navigator marine rental business continues at a satisfactory level, and doppler equipment deliveries are expected to double this year with a further increase in 1980-81. Marine radar sales have been hit by the exchange *rate and by the rise in* the price of oil which has reduced sales to the U.S. pleasure boat market.

The Radar company is building up its turnover in electronic *warfare* equipment as rapidly as possible. Survey contracts for oil exploration west of Ireland and off the coast of China represent new areas of activity. Orders on hand for capital goods are the highest yet achieved.

While profits from defence equipment sales are taking longer to materialise than expected, *the board believes* the steps being taken, the high technology of the group's products and its reputation form a firm basis for Decca's future.

	Year 1978-79 £000	1977-78 £000
Turnover	182,500	186,300
Capital goods	111,800	107,300
Consumer goods	*70,700	79,000
Share of associates	350	387
Profit before interest	4,170	14,914
Net interest charge	4,554	2,610
Loss before tax	384	†12,304
Tax	‡1,591	6,864
Loss after tax	1,975	†5,440
To minorities	378	652
Special items	2,911	693
Loss attributable	5,264	†4,095
Dividends	671	2,288
Deficiency	5,935	§1,807

* Consumer goods excludes turnover of Decca (West Africa) which has become an associate. † Profit. ‡ SSAP 15 adjusted. § Retained.

See Lex

Derek Crouch slips in first half

FOR the first six months of 1979 pre-tax profits of Derek Crouch, earth moving, civil engineering group, slipped from £1.15m to £1.03m, on turnover ahead from £18.11m to £23.16m.

The directors say the group is experiencing unofficial stoppages in part of the UK coal sector, and that the late delivery of two large dragline excavators is affecting profitability of the U.S. operations.

They add that an increase on last year's record £2.8m should, therefore, not be expected.

The interim dividend is raised to 1.4793p (1.2872p) net, last year's final payment being 3.111p.

Half-time rise at Schroders

Profits for the half-year were higher than those of 1978, say the directors of Schroders, the banking and finance group.

For the whole of last year *profits of the banking and* insurance subsidiaries after minorities and transfer to reserves fell from £4.4m to £3.85m.

The interim dividend *is* held at 3p net per £1 share and there is a supplementary payment of 0.4373p for 1978 (0.1278p). The total payment last year was 12.7746p, excluding the supplementary.

Midterm rise by Lead Inds

PRE-TAX profits of Lead Industries rose £1.1m to £8.8m in the first half of 1979 on sales of £189.5m against £150.3m and present indications are that second-half results should at least equal those of the first six months.

However, the *directors* add that the outlook for the year is not encouraged by the present strikes in the engineering industry "nor by the somewhat pessimistic climate of international trading."

Earnings per share after historical cost depreciation are stated as 15.3p against 13.9p and 10p (9.3p) after current replacement cost depreciation. The interim dividend is stepped up from *3.3p to 3.7p*—last year's total was 8.23p from pre-tax profits of £18.95m.

The directors state that the profitability of most of the UK companies have recovered from the poor start in January and February, which *affected both* home and export sales. The overseas manufacturing subsidiaries showed results which in almost all countries were better than during 1978.

	First half 1979	1978
Sales	189,500	150,300
Depreciation*	1,700	1,500
Addit. deprec.	2,400	2,100
Associates	3,800	1,900
Interest	1,800	900
Pre-tax profit	8,800	7,700
Tax	4,500	3,600
Minorities	100	200
Extraord. credit	—	900

* Historical. † Current values

The main associated companies of which the largest is Tioxide showed significant recoveries in their profitability.

Arrangements are continuing with a view to completion of the U.S. acquisitions in the near future, but it is not expected that they can have *any* significant effect on the group profit for 1979, the directors add.

● comment

The Tioxide associate, which has lagged behind over the past two years, rode to the rescue of turning lower profits by subsidiaries after interest into a rise of 14 per cent at the group pre-tax level. LIG's share of Tioxide profits more than *doubled to £2.6m, helping* to offset poor margins in the metals business and the impact of around £1m in currency conversion costs. The dollar's poor performance does, however, make the logic of picking up cheap U.S. assets look more compelling. The two recent acquisitions probably contributed around £250,000 after interest charges and the NL Industries deal, which should be signed very shortly, will prove a useful contributor from next year. The effect of this strategy will be to push net gearing up to around 30 per cent by the year-end. This is not a dangerous level (and the acquisitions themselves reduce the group's *geographical risk) but LIG* remains committed to cyclical and volatile businesses, so it will prdesumably be reluctant to push borrowings much higher. Prospects for the second half are not sparkling but a doubling of interim profits could be achieved for the year. This would put the shares, at 151p, on a fully-taxed p/e of 7.4. Increasing the final dividend by the same amount as the interim gives a yield of 9 per cent.

Slight fall for Dutton-Forshaw

STRUCK AFTER interest charges up *from* £0.78m to £1.23m, taxable profits of the Dutton-Forshaw Group fell slightly from £2.69m to £2.52m for the first half of 1979. Turnover of the group, which distributes motor vehicles and construction and *agricultural equipment, rose by* £11.37m to £104.28m.

The directors point out that *the second six months* does not normally produce profits as high as the first half. But nevertheless, they expect the 1979 result to be satisfactory.

In the previous full year, pre-tax profits were ahead from £3.31m to a record £4.56m.

The half-yearly figure includes profits of £279,000 from sales of properties and from the BL "VRP" campaign, compared with £400,000 from property sales and from the BL leadership challenge campaign. If these two items are excluded, profits *from normal* trading activities are virtually the same as last year.

Stated earnings per 25p share were 0.5p lower at 9p, *while the* net interim dividend is kept at 1.25p—last year's final was 1.88p.

Tax for the six months was almost halved from £232,000 to £121,000. There was an exchange loss of £93,000 this time and an extraordinary debit of £48,000 (nil). Retained profits emerged at £1.92m compared with £2.13m.

Professional valuers are at present engaged on a revaluation of the group's properties and the directors expect *this* to show a surplus over book values, which will improve gearing.

● comment

British Leyland cars account for 40 per cent of *Dutton-Foreshaw's* profits and, as the manufacturer's market share declines and margins are squeezed, it is difficult to believe that the distributor is capable of very much more than maintained earnings this year. On a fully taxed basis, and stripping out exceptional credits, that suggests a p/e of 6.8 *which is about a point over the* sector average. An historic yield of 9.7 per cent clearly gives some support but, while the shares added 1p yesterday to 47½p after a fractional interim pre-tax downturn (again ignoring the benefits of BL's sales incentive schemes and property sales surpluses), interest now centres on Dutton's *diversification* plans. A significant new venture is expected shortly but in the meantime, the agricultural *machinery* operation is more than compensating for a dull performance in construction equipment and the annual contribution from contract hire is expected to double to about £250,000. Further Ford franchises *are being sought* and the group plans to extend the new MAN VW truck agency in Blackburn to the whole of Lancashire. A similar deal is underway in the South of England. The results of a property revaluation are expected at the end of the year to relieve the pressure on a somewhat highly geared balance sheet and provide the backing for the diversification which Dutton, like many other BL distributors, is now proposing.

EDMUND NUTTALL

The name of Edmund Nuttall Sons and Co. (Manchester), the holding company of the Nuttall Group, has been changed to Edmund Nuttall Holdings.

A certificate of incorporation of change of name has been issued by the Assistant Registrar of Companies.

Bifurcated first half increase

HIGHER FIRST half turnover and profits are reported by Bifurcated Engineering, and orders *for all the group's* products are at a satisfactory level, the directors say.

However, profitability in the second half could be affected by the present strikes in the engineering industry, they add.

Turnover in the first half was up from £6.77m to £7.34m and profits were £819,000 against £788,000. Tax takes £425,000 (£410,00) giving earnings per share of 5.24p compared with 5.02p.

The level of profit would have been higher but for the transport strike earlier this year, the Board states.

The interim dividend is lifted from 1p to 1.15p. Last year's total was 3.098p on pre-tax profits of £1.59m.

J. Hewitt (Fenton) ahead midway

J. Hewitt and Son (Fenton), *maker of industrial and domestic* refractories, reports increased turnover of £1.69m, against £1.23m, for the first six months of 1979 and higher pre-tax profits of £162,000, against £110,000.

Tax takes £29,000 (£23,000) giving earnings per share of 5.9p, against 3.9p. Comparisons are restated re deferred tax.

In 1978, pre-tax profits totalled a record £311,000 and a single 1.2766p dividend was paid.

Newey Group reduces loss

The Newey Group, smallware maker of Birmingham, reports a pre-tax loss of £83,246 for the 26 weeks ended July 1, 1979, against a £394,554 deficit in the same period last year. Turnover amounted to £7.75m compared with £6.81m.

The loss is after a temporary employment subsidy of £176,980 against £56,120 and deducting interest payable of £212,663 (£154,664).

Tax credit is *£43,288* (£33,000 charge). Last year the group made a loss of £396,000

In July, *acceptances* were received in respect of 90.4 per cent of the Newey ordinary capital following an offer from William Prym-Werke for Newey shares not already owned. Prym intended to compulsorily acquire any outstanding shares.

UNIONE ITALIANA UK

Unione Italiana di Riassicurazione s.p.a. announces that its UK subsidiary has received authorisation from the Department of Trade to underwrite all classes of general business in *Great Britain.*

The new company's authorised and paid capital will be £2m and underwriting has commenced for contracts incepting on and after January 1, 1980.

Unione UK will be managed by Anglo Saxon Insurance Co., which is 50 per cent owned by Unione Italiana.

FOOD PRICE MOVEMENTS

	September 13 £	Week ago £	Month ago £
BACON†			
Danish A.1 per ton	1,180	1,180	1,180
British A.1 per ton	1,140	1,140	1,140
Ulster A.1 per ton	1,140	1,140	1,140
BUTTER†			
NZ per 10 kg	13.20/13.37	13.20/13.37	13.20/13.37
English per 10 kg	17.57	—	18.78
Danish salted per 10 kg	17.96/18.47	17.95	17.15
CHEESE‡			
English cheddar	1,610	1,610	1,449
Irish cheddar	1,481.03	1,481.03	1,330/1,350
Danish cheddar	1,370/1,405	—	—
EGGS*			
Home produced:			
Size 4	4.30/4.80	3.50/3.70	3.10/3.30
Size 2	4.90/5.50	4.10/4.20	3.90/4.00
	September 13 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	60.0/65.0	60.0/65.0	62.0/67.0
Eire forequarters	42.0/43.0	40.0/44.0	42.0/44.0
LAMB			
English	52.0/58.0	—	56.0/60.0
NZ PLs/PMs	47.0/49.5	48.0/49.5	48.0/50.0
PORK			
All weights	36.0/45.0	36.0/45.0	34.0/43.0
POULTRY			
Oven-ready chickens	40.0/44.0	41.0/44.0	40.0/44.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ 20-kg rindless blocks, delivered, per tonne.

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Associated Communications Corporation

Company Profile 1979

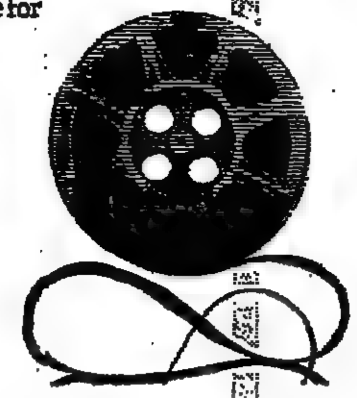
Television

ATV Network has enjoyed another distinguished year including winning the British Academy for Film and Television Arts award for the best documentary programme of the year. The Muppets, of which 72 episodes have already been shown in well over 100 countries, is about to enter its fourth series.

There has also been a steady build up of local coverage. In order to strengthen this service a News and Information Centre has been established in Nottingham and a similar centre will be opened in Oxford during the current year.

To meet the increased production required from ATV Centre £1½ million will be spent on technical equipment this year in addition to the capital investment of approximately £1 million made last year and there have also been additions both to staff and premises.

Film Production



Our American distribution has been placed on an entirely new footing by the formation of a new American company, Associated Film Distribution, set up jointly with EMI to handle new productions with "Firepower" as first of the Spring releases.

Films made under the Marble Arch banner have been sold both to the American networks and for theatrical release.

The Group now embraces one of the most extensive film-making and film distribution organisations in the world, and I regard the prospects of this aspect of our activities as most encouraging.

Thirty major films including "Capricorn One", "Boys From Brazil", "Autumn Sonata", "Voyage of the Damned", "Movie Movie", "Escape to Athena" and "Firepower" are now in international distribution, and will continue as a major source of revenue for years to come.

Already the full-length film of "The Muppets" promises to be one of the year's world-beaters. The mammoth spectacular, "Raise the Titanic", is in production and will be released next summer.

Lord Grade of Elstree, Chairman and Chief Executive of the international group spanning TV • Theatres • Cinemas Music Publishing • Films • Records and Tapes • Property • Theatrical Costumiers • Ansafone Insurance, and Merchandising says...

"I foresee another year of widening opportunity"

For the third time in succession, I am happy to be able to report the highest profit figure in the twenty-four year history of the company.

At £16.3 million the profit before tax for 1978/79 is 19% higher than the previous record of £13.7 million achieved last year and represents an increase of no less than 46% on the result for 1976/77.

Our earnings per "A" ordinary stock unit after taxation were 16.77p (1977/78 16.83p) and the total dividend of 8p per unit recommended by the Board was declared at the Annual General Meeting on 13th September. An interim dividend of 3.1p was paid in March and a final dividend of 4.9p will be paid on 1st October.

The activities of the company are now widely diversified and internationally based, and A.C.C.'s leading position in the field of world entertainment is now acknowledged everywhere. In the light of present performance and prospects I foresee another year of widening opportunity.

Theatres

Despite the terrible winter weather the Theatres Division has enjoyed its most successful year.

At the Theatre Royal Drury Lane, "A Chorus Line" ran into its third year; "Filumena" has enjoyed more than 700 performances at the Lyric; "Annie", at the Victoria Palace, is clearly a record-breaker in the making; "Aladdin", with Danny La Rue as its star, was the acknowledged attraction of the Christmas season and the Palladium production of "The King and I", starring Yul Brynner and Virginia McKenna is, the major event of the London theatrical season.

Music Publishing, Records & Tapes

The ATV Music Group has once again produced record profits. During the year there has been further progress along the three principal current lines of policy. These are the signing of new, and the development of existing, signed writers; the building-up of one of the world's most extensive background music libraries and the acquisition or creation of directly owned subsidiaries overseas, including the establishment of new subsidiaries in Canada and Italy.

Although the record industry suffered a year of recession, the strength of the company's catalogue, both in terms of established artists and fresh talent, gives confidence for the future.

Property

Bentray properties are located throughout the whole of the United Kingdom and profits have risen from £2.52 million to £3.46 million—an increase of 37%.

Important new developments include the rebuilding of numbers 37, 38 and 39 St. Martin's Lane to include a restaurant, a public house, shops and approximately 10,000 sq. ft. of office space.

We have also acquired a unique site of 1¼ acres in the prime area adjoining Shaftesbury Avenue and Piccadilly Circus. Plans have been approved for the erection of a lavishly equipped entertainment centre for the showing of the most ambitious stage spectaculars, and the doors will open in the early 1980's.

Other Interests

Ansafone achieved truly remarkable trading results with profits exceeding £1 million for the first time—an increase of no less than 154%.

Bermans & Nathans, the theatrical costumiers achieved the distinction of receiving The Queen's Award for Export.

ATV Licensing, one of our liveliest subsidiaries, increased its profits by 15% and our subsidiaries concerned with insurance and commercial leasing operated profitably and efficiently.

Copies of the full Report and Accounts for the year to 31st March 1979 are available from the Secretary, Associated Communications Corporation Limited, A... 17 C...

Pru Group net earnings top £20m in first half

A 50 PER CENT jump in life profits and a 13 per cent rise in investment income enabled net earnings of the Prudential Corporation to advance by one-third at the half-year stage from £14.8m to £20.3m.

This increase was achieved despite a further deterioration *in underwriting on general insurance business, where losses in the first half amounted to* £6.7m against £4.9m for the *corresponding period in 1978.*

Life and pensions business in the group remains buoyant with premium income rising 16 per cent from £364.5m to £425.1m. The increase in shareholders' surplus from life business remains in line with the general upward trend. The profits in 1978 were depressed by a non-recurring loss in the linked-life subsidiary Vanbrugh Life.

As already reported, worldwide new annual premiums in the first half of the year increased by 27 per cent, with new business in the UK rising by 44 per cent in the Ordinary branch.

Premium income on general insurance business of the group rose by 11.8 per cent to £210.9m. Although there was an increase in premium income from overseas operations, this was more than offset in sterling terms by the strengthening of the pound.

Premium income on the UK fire and accident business rose by 23 per cent to *£67.8m. But* the underwriting experience was *dominated by continued* unsatisfactory results in the domestic *household account and deterioration* in the motor account.

A loss of £2m was recorded on UK motor business, exacerbated by the bad weather. The Pru has made a further increase, averaging 6 per cent, in motor premium rates from August 1 to follow the 10 per cent rise made at the beginning of February.

The UK householder account was also hit by the bad weather in the early months of the year. Although provision was made in the 1978 *accounts for anticipated* losses, the weather proved worse *than expected.*

The group has now introduced *index linking in the domestic* account together with a further *rise in minimum premiums.* Results in the liability account were *disappointing with several* large products liability and *professional indemnity* liability claims. Corrective action has *been taken in the wording of* contracts and in premium rating.

In overseas general insurance operations, business in Canada continued to be profitable, but intense competition is likely to result in less satisfactory results over the second half of the year. Difficult market conditions again produced an underwriting loss in Australia, but in other overseas territories results were generally satisfactory.

There was an increase in the net retained income of Mercantile and General Reinsurance.

But the *strength of sterling* affected growth and slowed down the rate of increase in investment income. In the life branch of *M* and G, new business production continued to expand strongly, especially in the U.S.

An interim dividend of 3.5p per share has been declared payable on November 22, 1979. This compares with 2.737p per share paid last year by the Prudential Assurance Company.

In determining the dividend, the directors state that they had in mind the desirability of reducing the disparity between the interim and final dividends. The total dividend for the year will be decided in the light of the full year's result.

● comment

The UK *general insurance* domestic account remains the one black *spot in the results of* the Prudential Corporation at the half-way stage. Life and reinsurance operations both show a healthier picture than at the same stage last year. The Pru could not escape the consequences of the severe winter in the UK, which hit both the household and motor account. The group is also having trouble with its liability business. But strong corrective action has been taken *on all* three accounts, and the Pru has belatedly introduced *index-linking on its household insurance contracts.* The second *half of the year should* see a break-even on underwriting and *with continued growth in life* profits, earnings of £47m for 1979 are *anticipated compared with* £42.1m in 1978. The dividend position is confused by the move to reduce disparity, and with anticipated earnings only 15.7p per share, a dividend of 9p against 8p last year looks likely. This would give a gross yield of 7.4 per cent on a share price up 2p to 176p.

BOARD MEETINGS

The following companies have notified *dates of Board* meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are *interims or finals* and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Breedon and Cloud Hill Lime Works, Brown and Jackson, Charles Early and Marriott, George *Oliver* (Footwear), Rowton Hotels, Tavener Rutledge.

Finals: Bracken Mines, Kinross Mines, *Leslie Gold Mines, St. Helena Gold* Mines, Sterling Credit, Tor Investment Trust, Winkelhaak Mines.

FUTURE DATES

Interims—	
Bank of Scotland	Sept. 18
Bulgin (A. F.)	Sept. 25
Cartwright (R.	Oct. 10
Delta Metal	Sept. 20
Edinburgh Invest. Trust	Oct. 8
Green's Economiser	Oct. 11
Laing Properties	Oct. 10
Lane (Percy	Sept. 28
Miller (F. (Textiles)	Sept. 28
Rowan and Boden	Sept. 25
Scottish Television	Oct. 5
Finals—	
EMI	Oct. 4
F. and C. Eurotrust	†Sept. 17
Galliford Brindley	Sept. 27
Low (William)	Oct. 24
Telefusion	Sept. 20

† Amended.

Second City static at year-end

PRE-TAX profits of Second City Properties were virtually unchanged at £1.07m, compared with £1.03m in the year to April 30, 1979, *on turnover* down from £20.9m to £19.2m. At midway *the surplus was static at* £415,089, against £411,689.

The net dividend per 10p share is lifted from an equivalent 1.7523p to 2.0138p with a *final of* 1.451p. Directors have waived dividend totalling £21,647. Basic earnings per share are shown down *from 7.59p to 7.47p.*

Tax takes £58,992 (£106,185). There *is* an extraordinary *debit* of £75,239, against £37,216 credit *after which the surplus* is £932,476 (£962,295).

The dividends absorb £249,653, compared with £234,919, and the *retained profit is down from* £727,376 to £682,823.

Friedland Doggart unchanged

TAXABLE PROFITS of Friedland *Doggart* were *static* at £805,000, against £807,000, in the *24 weeks to June 17, 1979.* The surplus includes interest up from *£43,000 to £138,000.*

The interim dividend per 25p *share is being lifted from* 1.34p to 1.75p net.

The Board says that considering trading conditions sales remain *remarkably* good, and it adds that the traditional balance of sales between the two *halves* of the year may alter.

Last year the total taxable surplus slipped from £1.82m to £1.77m and the group paid dividends amounting to 3.4918p.

Tax for the half year is £426,000 (£427,000).

Camrex ahead to £239,000

A MIDTERM profits surge is announced by Camrex (Holdings), and the Board says the present order book is satisfactory and it is confident the improved trading position will continue.

However, the group has made a £250,000 provision for loss on a U.S. contract undertaken by a marine contracting subsidiary. While the Board believes the provision is adequate there is a *contingent* liability on the contract which is subject to legal *action* being taken by Camrex.

In the first half of 1979 the *group* lifted the taxable surplus from a depressed £11,000 to £239,000 *on turnover of* £11.45m (£11.3m). Last year totalled *profits slumped from* £1.96m to £42,000.

The interim dividend per 20p share is being held at 1.64p net. *The total payment in 1978 was* 4.02p.

The directors *say* the group is reaping the benefits of the efforts made to re-direct the company into other areas of opportunity. At the year-end the Board said there was in imbalance between marine and industrial activities and the main object this year was to correct this by stepping-up penetration of the world-wide industrial coatings market.

There is no tax for the half year, against £791,000 credit, and the attributable profit is down from £797,000 to £242,000.

The group has adequate financial resources, say the directors.

● comment

A boardroom split, unsuccessful talks with Dufay and unspecified but "substantial" losses in the first four months of this year provided a depressing backdrop to yesterday's interim figures from Camrex and the respectable profits came as a surprise to the market, which pushed the share price up 10p to 46p. The pre-tax figure is arrived at after a £250,000 provision for a loss in *the U.S. and net interest charges* of £200,000 — which makes the *trading performance in May and* June look quite spectacular. In fact, a disproportionately high level of profits was recorded towards the end of the *half year* because of slippage, a common feature of the Camrex business. The group is trying to moderate its erratic performance by moving away from the volatile maritime market towards industrial products (it is hoped to attain a 50/50 split), but it is still too early to say whether a more even growth record can be established. There is scope for plenty of improvement, however. Net assets per share are 82p and, while Camrex is a *heavy exporter, its products* are not too price sensitive and its overseas *market share* is still small.

James Fisher improves

FROM INCREASED turnover of £6.82m against £5.89m, profits of James Fisher and Sons improved from £1.32m to £1.93m in the first half of 1979 before tax of £27,548 compared with £30,147.

Earnings per share are stated at 16.68p against 11.3p and the interim dividend is effectively raised from 0.5733p to 1.5p—the previous total of equal to 1.135p was paid from pre-tax profits of £2.12m.

The group, based in Barrow-in-Furness, trades as a shipowner and ship and insurance broker.

British Vita interim up

FIRST HALF pre-tax profits of British Vita Company, improved from £3.15m to £4.06m and the directors *announce a substantial* effective increase in the interim dividend from 0.89p to 2.4p per 25p share.

The interim dividend increase follows the abolition of dividend controls and it is anticipated that a final of a similar amount will be paid for the year. On the basis of present market conditions and current trading, second half profits should be satisfactory, the directors say.

In 1978, a total dividend of equal to 2.225p was paid when pre-tax profits were £2.79m.

First half turnover rose from £24.13m to £31.7m. Tax takes £1.04m (£1.01m) giving basic *earnings per share* of 15.1p against 10.8p. Fully diluted earnings are stated as 14.3p (10.2p).

● comment

British Vita has done well to achieve a 29 per cent increase in pre-tax earnings on a similar advance in turnover despite potential stumbling blocks along the way such as rising raw material prices and a strong pound. Although sterling did cut into the International division's performance, the group improved in the first half mainly as a result of contributions from recent acquisitions such as Caligen. The group seems also to have been able to pass on to its customers the higher oil prices (oil is vital for foam production) and has even embarked on a £1.5m programme of capital expenditures to increase production. All this is fairly encouraging and the market responded favourably by sending the share price up 9p to 139p yesterday, clearly with one eye on the more than doubled interim dividend and hints of a *total dividend near 4.8p* net, which could yield a prospective *5 per cent. This yield may* not sound exciting, but would bring *British Vita's return* out of the doldrums, where it has been for some time. *If year end* pre-tax profits are, as some analysts predict, about £8m, then the fully taxed p/e could be about 7, also more in line with the historic level of the sector.

Sale Tilney ahead 12% at midway

PROFITS BEFORE tax of Sale *Tilney and Co.*, the industrial and food group, moved ahead by 12 *per cent from £676,000 to £764,000* for the half year ended May 31, 1979, *on turnover of* £31.26m against £29.43m.

The directors say present indications confirm that the group will *havea successful year.* Profits for the 1977-78 year were a record £1.94m.

The net interim dividend is effectively raised by 16.8 per cent from 2.695p to 3.15p per 25p share but the Board says that this does not necessarily represent its view on this year's total payment. In the previous year, dividends totalled an equivalent 5.6306p.

Available profits for the six months rose by £60,000 to £366,000. Tax took £302,000 (£352,000), minorities £5,000 (£18,000) and extraordinary debits, £81,000 (nil).

ENERGY REVIEW: CHEMICALS

BY SUE CAMERON

Europe fears a flood of U.S. exports

ENERGY CONSUMPTION OF EUROPEAN CHEMICAL INDUSTRIES

EEC: INDEX OF ENERGY CONSUMPTION
(1970=100)

Country	1973	1974	1975	1976	1977	*1982	*1987
Belgium	116.3	130.8	113.1	128.5	136.3	152.7	167.5
W. Germany	112.1	115.9	104.4	116.9	110.5	126.6	139.9
France	111.8	122.9	107.1	116.1	123.8	138.0	155.0
Italy	117.9	122.9	98.9	118.3	115.9	139.0	162.2
Netherlands	96.6	101.2	95.0	118.1	116.6	132.9	148.2
UK	110.5	104.9	97.4	105.2	110.6	128.5	152.3
Total	111.7	115.5	101.7	115.4	115.4	133.2	151.6

* Estimates

EEC: INDEX OF CONSUMPTION PER UNIT OF PRODUCTION
(1970=100)

Country	1973	1974	1975	1976	1977	*1982	*1987
Belgium	0.846	0.922	0.931	0.928	0.935	0.873	0.817
W. Germany	0.883	0.888	0.912	0.890	0.838	0.789	0.727
France	0.853	0.891	0.893	0.841	0.856	0.793	0.767
Italy	0.939	0.939	0.782	0.834	0.820	0.794	0.762
Netherlands	0.812	0.698	0.760	0.803	0.772	0.759	0.706
UK	0.915	0.827	0.840	0.823	0.836	0.798	0.777
Total	0.888	0.881	0.862	0.864	0.844	0.800	0.761

* Estimates

NON-EEC EUROPE: INDEX OF ENERGY CONSUMPTION
(1970=100)

Country	1973	1974	1975	1976	1977	*1982	*1987
Spain	145.5	159.8	154.4	155.7	154.6		
Norway	112.3	113.0	110.6	100.3	86.5	116.1	121.7
Switzerland	127.5	135.1	125.5	138.5	137.7		
Sweden	106.2	107.3	102.4	106.0	100.4	117.8	127.8

* Estimates

NON-EEC EUROPE: INDEX OF CONSUMPTION PER UNIT OF PRODUCTION
(1970=100)

Country	1973	1974	1975	1976	1977	*1982	*1987
Spain	0.976	0.992	0.941	0.895	0.826		
Norway	1.003	0.991	1.015	0.912	0.772	0.505	0.420
Switzerland	1.037	1.023	1.131	1.041	1.043		
Sweden	0.852	0.812	0.850	0.831	0.802	0.736	0.639

* Estimates

THE EUROPEAN chemical industry is becoming increasingly worried that the energy crisis which followed the Iranian revolution may ultimately lead to a flood of U.S. petrochemical exports across the Atlantic.

The reason for this fear is that U.S. chemical producers make much greater use of gas as a feedstock than their European counterparts who are heavily reliant on more costly oil-based raw materials—notably naphtha. Rising raw material costs in Europe could therefore give U.S. chemical exports a considerable price advantage.

During the last eight months, the tightening of world oil supplies has caused the European price of naphtha to rocket: in June last year the spot market price was around $140 a tonne, today it is $300 a tonne.

Current concern over the cost of oil-based feedstocks is not the only worry on the energy front. A number of European chemical companies have had difficulty also in obtaining adequate amounts of fuel oil or gas for powering their plants—particularly in the UK.

Rising costs

However the problem of fuel supplies has not created nearly as much anxiety as steadily rising energy costs. Shortages of energy for power and heat have tended to be scattered and sporadic, and so far no producer has been forced to shut down for more than a short period.

The chemical industry is a major energy consumer both in terms of fuel and oil or gas-based feedstocks. It accounts for a 10 per cent share of the energy consumed by industry within the European Economic Community, plus an equivalent amount of naphtha and other feedstocks expressed in terms of energy content.

In 1977, the UK chemical industry alone consumed over 15 per cent of the energy used by all British manufacturers—excluding feedstocks—and 6 per cent of that used by the total UK economy. But when hydrocarbon—oil and gas—feedstock consumption is added in, the shares go up to 23 per cent and 12 per cent respectively.

The chemical industry has made greater efforts than many other manufacturing sectors to cut its consumption. In the UK, chemicals production grew by 59 per cent between 1967 and 1977 but the increase in energy consumption during the period was held down to 17 per cent.

This means that there was an effective cut of 27 per cent in the energy used per unit of production.

Figures from the European Council of Chemical Manufacturers' Federations (CEFIC) show that chemical companies on the Continent have made similar progress in conserving energy. And producers in both the UK and on the Continent believe they can make further savings.

The UK Chemical Industries Association—CIA—reckons that British companies will be able to make additional cuts of between 7 per cent and 10 per cent in their energy consumption per unit of output during the 10 years from 1977 to 1987. Estimates for expected cuts by the chemical industries of other *CEFIC member countries range* from 7 per cent to 12 per cent.

The rate at which European chemical companies expect to reduce their energy consumption per unit of production is clearly beginning to slow down. But the industry points out that most of the "easy" savings have already been made. The chemical industry began its conservation drive at a much earlier date than most other industries. Perhaps this is one reason why it is now so upset by the huge increase in costs that it is having to face on the energy front.

The UK chemical industry paid around £600m for its fuels alone in 1977 but last year the cost went up to £660m. Hydrocarbon feedstocks cost the industry £620m in 1978 and the CIA believes the industry's total energy and feedstocks bill could rise to £2bn in 1980—a *£720m increase. The UK-based* Imperial Chemical Industries alone, expects to pay £100m more for its naphtha in 1979 than it did last year.

One of the reasons why the cost of this vital raw material has risen so dramatically this year is that naphtha is used to make petrol as well as petro*chemicals. Chemical companies* have therefore been effectively bidding against motorists in the market places of the West.

The motoring fraternity — particularly in the U.S. — so far has shown itself unwilling to make any major sacrifices in the interests of fuel conservation.

The panic that followed petrol shortages earlier this year in the U.S. proved that the market for petrol is not price elastic to any substantial degree. And while the behaviour of some Californian motorists may have been disgraceful it was good news for oil refiners who started making hay while the sun shone.

The prices of all oil products have increased since the reduction in Iranian oil exports at the start of the year but the rise in the cost of naphtha has been proportionately higher. The CIA states that at the beginning of the current quarter, European contract prices for naphtha were 100 per cent higher than at the same time last year—while the price of crude had risen by only 50 per cent in the same period.

Chemical companies have no *doubt* that the reason for this state of affairs is the petrol market's almost insatiable demand for naphtha. Monsanto, a U.S.-based chemical group, with operations on both sides of the Atlantic, believes the petrochemical industry may have underestimated the influence of the motorist in the past.

"*The chemical industry* has always been said to be able to bid feedstock away from the motorists," Monsanto says. "But in the past few months we have seen exactly how much emotional power motorists can exert. Personal mobility is highly prized and car owners are not going to give it up easily.

Post-Iranian

"Meanwhile the money that oil refiners can make from the motorist has gone up perhaps beyond their wildest dreams. There is no doubt the refiners were having a bad time in some sectors before the Iranian revolution but they now seem to be overcompensating. The ratio between the price of naphtha and the price of oil is now 1.8 to 1—allowing for some spot purchasing. The refiners do well when the ratio is 1.4 to 1. To some extent, the refiners are taking the chemical industry to the cleaners." Monsanto says.

Some weeks ago the European spot market price of naphtha touched over $350 a tonne but it has now dropped back and appears to be stabilising at around $300. Yet despite fluctuations of this type on the spot market—which can have a powerful effect on more regular contract prices—no-one really expects a substantial fall in average naphtha costs, much less a return to the prices of last year. If anything, the oil product is thought likely to rise slightly in coming months.

Yet the rising cost of naptha has not had anything like the same impact on the U.S. chemical industry as it has on the European one. The main reason for this is that many U.S. companies make major products such as ethylene—used in the manufacture of plastics and a wide range of industrial chemicals—not from naphtha but from the gas, ethane.

American gas feedstock prices have been largely unaffected by the cutting back of Iranian oil supplies and they are considerably cheaper than those for the oil-based naphtha. In addition, U.S. oil prices are government controlled and thus substantially lower than world prices. This means that although naphtha prices have felt the pull of the petrol market in the U.S., American petrochemical companies are still able to buy it for less than their European counterparts.

President Carter plans to start decontrolling oil prices in the US, in 1981 but with an election coming up next year there is little chance of any political leader stressing the need for policies like this during the next 12 months.

The other item that is commonly agreed to be on the agenda for next year is *a recession* in the West. In normal times U.S. chemical concerns have their hands full satisfying their domestic market although they do export at the margin. But an economic downturn and a corresponding drop in chemical demand, combined with cheaper raw material costs, would almost certainly turn the eyes of the major U.S. producers towards the European market.

The most likely U.S. exports to Europe would be ethylene derivatives — ethylene itself is too bulky and too expensive to transport safely across the Atlantic. The price advantage such exports would have could *do great damage to a European* chemical industry whose plastics producers in particular are only just beginning to recover from an extremely lean period.

To add insult to potentially serious injury, the Europeans claim that U.S. chemical producers are more profligate in their use of fuel. The Chemical Industries Association says that in 1976 UK energy consumption per unit of production was only 60 per cent of that in the U.S.

Domestic bias

The UK chemical industry is not only deeply concerned about the threat from the U.S.—it is also having to contend with substantially higher gas prices than most Continental producers pay. It believes this could lead to an increase in chemical exports from the rest of Europe to Britain.

Unlike most continental countries gas prices in Britain are biased in favour of domestic rather than industrial users. Two months ago this led the CIA to launch a fierce attack on the British Gas Corporation's pricing and supply policies.

One or two of the CIA's arguments are perhaps a little wobbly—notably some of the complaints about interruptible contract supplies. But the main thrust of the case is a strong one, particularly in view of the chemical industry's contribution to the UK economy.

The row between the highly profitable British Gas Corporation and the UK chemical industry will doubtless continue for some time. Meanwhile UK chemical producers, along with those on the Continent, will wait to see if the threat from the U.S. materialises.

Trend of industrial profits shows more buoyant picture

The latest analysis of companies reporting with their years ending between mid-January to mid-April shows a more buoyant picture of industrial profits than at any time last year.

This is in spite of the transport strike and severe weather in the first quarter of 1979.

Trading profits of the 216 industrial companies surveyed rose 16.1 per cent compared with 9.2 per cent in the previous quarterly survey and 9.9 per cent a year ago. Reported pre-tax profits lagged, marginally behind with an increase of 15.8 per cent, but a near 10 per cent fall in the total tax charged to companies resulted in a significant 35.4 per cent jump in profits attributable to ordinary shareholders.

This increase at the attributable level compares with just 15.2 per cent in the previous quarter and 21.2 per cent during the January-April period last year.

The low point last year came for companies reporting with year ends between April and July. Trading profits of the 143 industrial companies in that survey fell by 0.8 per cent and profits earned for ordinary shareholders increased by 4.6 per cent.

The level of dividend payments in the latest analysis also rose considerably in spite of dividend controls still ruling at the time. Ordinary dividend by industrial companies increased by 24.6 per cent compared with rises in the four previous surveys ranging from 16.9 to 20.9 per cent.

Cash flow was strong with a rise of just over 30 per cent, but the net return on capital employed by the total industrial group continues to fall to 17.6 for the previous year.

The performance of financial companies reporting for the same period showed increases in trading profits and dividends slightly less than their industrial counterparts.

Trading profits of the complete financial group—represented by 88 companies—rose by 15.2 per cent against 21.9 per cent in the previous quarter's analysis and 5.7 per cent for the same period a year ago.

The two surveys covering April/July and July/October last year showed falls in trading profits of 2.4 per cent and 4.1 per cent respectively.

Earnings for ordinary shares from the 88 financial companies rose by 28.4 per cent against a 40.5 per cent gain reported by the 103 companies covered in the previous quarter's analysis. For the same period in 1978 earnings rose by 19.2 per cent for the financial group.

Dividends for the whole financial grouping rose by more than double the statutory increase, with an advance of 21.3 per cent for the latest quarter compared with 18.3 per cent for these companies reporting in the previous three months and 19.5 per cent for the January/April period of 1978.

Shipping wins the prize for the best trading profit increase, but only one company reported from that sector in the period covered, and that achieved a 384 per cent rise in profits.

Laggards within the groupings are chemicals and engineering sectors with trading profit increases of 2 per cent and 3.6 per cent respectively. Both groups increased the dividend payout by more than 20 per cent.

A major individual sector within the industrial groups is stores. A total of 32 companies in that sector reported, with overall trading profits emerging 22.1 per cent higher, while earnings for ordinary shareholders improved by an impressive 48.9 per cent.

Among the financial groupings the trading profit improvement prize goes to banks. One reported a 38.8 per cent trading profit gain and an 11.7 per cent dividend increase.

The investment trust division, which contributes a major proportion of the companies reporting within the financial sector, produced a trading profit increase of 14.2 per cent. Property, with 17 companies contributing to the analysis, showed a mere 2 per cent increase in trading profits. Property companies hoisted their dividend payments by an aggregate 34.5 per cent.

Breaking down the industrial sector into its three major sub-headings, capital goods, consumer durables and non-durables, shows that the capital goods companies produced an overall better profits improvement than the two consumer orientated groupings.

The 61 companies in the capital goods classification recorded trading profits higher by 18.4 per cent, while the 22 companies in consumer durables showed a gain of 14.6 per cent and the 91 companies in non-durables reported a 16.5 per cent increase.

The big profit gains of the oil giants have not started to work through to the table. Only two oil companies reported figures within the analysis.

Their trading profit gain was a meagre 0.2 per cent—the lowest achievement for any grouping—while earnings attributable to ordinary shareholders fell by more than a tenth. The dividend payout was lifted by just over the 10 per cent level.

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 307 companies whose account year ended in the period between Jan. 15, 1979, and April 14, 1979, which published their reports up to the end of July, 1979. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profits (1)	% chnge	Profits before Int. & Tax (2)	Pre-tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	18	257,879 (200,776)	+28.4	192,937 (158,870)	165,225 (152,394)	67,090 (69,361)	95,021 (70,415)	+34.9	22,593 (15,941)	+41.7	136,373 (95,537)	1,089,051 (931,525)	25.0 (17.0)	352,309 (297,820)
CONTRACTING & CONSTRUCTION	8	42,297 (36,400)	+16.5	25,666 (29,168)	23,072 (19,116)	5,402 (7,962)	17,116 (10,755)	+59.2	2,604 (2,198)	+18.7	36,683 (30,853)	122,646 (102,466)	21.9 (21.6)	35,753 (26,856)
ELECTRICALS (EX ELECTRN. ETC.)	2	12,098 (9,037)	+33.9	9,928 (7,409)	9,460 (7,027)	2,635 (2,099)	6,760 (4,919)	+37.4	2,062 (1,175)	+75.3	6,596 (5,112)	39,251 (31,685)	25.3 (23.4)	12,692 (11,962)
ENGINEERING	29	165,429 (159,619)	+3.5	124,861 (123,785)	108,545 (110,562)	31,046 (36,955)	76,296 (72,456)	+5.3	25,913 (21,485)	+20.9	81,314 (78,501)	800,766 (735,404)	15.6 (16.9)	446,638 (371,564)
MACHINE TOOLS	4	80,541 (66,270)	+21.2	66,600 (54,839)	61,077 (50,055)	17,610 (17,886)	41,908 (31,160)	+34.5	8,797 (5,359)	+64.1	44,921 (35,566)	302,905 (257,100)	22.0 (23.1)	173,136 (150,191)
MISC. CAPITAL GOODS	6	15,109 (12,867)	+17.4	11,818 (10,209)	9,357 (8,409)	1,718 (2,655)	7,605 (5,752)	+32.2	2,251 (2,030)	+10.9	7,626 (6,575)	64,226 (59,561)	18.4 (17.1)	34,779 (30,846)
TOTAL CAPITAL GOODS	61	575,153 (483,969)	+18.4	453,011 (377,280)	376,744 (357,661)	125,498 (126,808)	244,706 (195,456)	+25.2	64,190 (48,121)	+33.4	306,715 (241,244)	2,418,846 (2,095,755)	17.5 (18.0)	1,055,306 (889,361)
ELECTRONICS RADIO & TV	5	118,544 (104,108)	+13.7	95,877 (86,140)	86,655 (75,705)	32,162 (31,936)	52,479 (45,190)	+16.1	13,235 (8,311)	+59.2	69,909 (55,926)	330,866 (279,985)	29.0 (30.8)	188,693 (143,527)
HOUSEHOLD GOODS	6	59,860 (50,945)	+18.1	29,397 (24,270)	25,952 (21,744)	3,722 (7,096)	22,085 (14,500)	+52.3	4,079 (3,504)	+16.4	24,306 (16,592)	141,785 (115,985)	20.7 (21.5)	55,065 (50,691)
MOTORS & COMPONENTS	7	70,010 (62,700)	+11.6	55,987 (49,409)	45,650 (42,049)	13,120 (15,917)	31,226 (24,507)	+27.4	11,024 (9,060)	+21.7	32,582 (27,102)	297,672 (274,353)	18.8 (18.0)	122,856 (103,555)
MOTOR DISTRIBUTORS	4	18,309 (14,658)	+24.9	10,115 (8,560)	7,722 (6,947)	368 (1,596)	7,284 (6,359)	+36.9	1,376 (865)	+59.5	13,316 (9,996)	71,934 (63,010)	14.0 (13.5)	4,975 (9,822)
TOTAL CONSUMER DURABLES	22	243,325 (212,411)	+14.6	191,374 (168,479)	166,162 (149,445)	49,372 (56,449)	113,076 (89,556)	+26.3	29,716 (21,740)	+36.7	139,912 (107,618)	849,255 (721,244)	22.7 (23.3)	369,776 (312,695)
BREWERIES	7	232,320 (195,641)	+18.7	184,016 (156,665)	141,366 (125,500)	29,224 (48,174)	109,387 (75,824)	+44.6	35,809 (30,494)	+16.4	119,692 (91,848)	1,354,066 (1,283,245)	13.6 (12.2)	208,659 (187,575)
DISTILLERIES & WINES	1	660 (807)	−18.2	460 (567)	96 (129)	— (75)	96 (54)	+75.9	48 (49)	—	177 (160)	6,599 (7,282)	7.0 (7.8)	1,690 (1,402)
HOTELS & CATERERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
LEISURE	2	45,246 (40,901)	+10.6	20,506 (19,551)	17,518 (17,801)	11,202 (11,547)	6,327 (6,314)	+0.2	4,405 (4,020)	+9.6	26,182 (23,167)	152,769 (155,651)	13.4 (11.8)	−365 (1,868)
FOOD MANUFACTURING	5	172,593 (162,055)	+6.5	127,557 (115,934)	105,599 (96,779)	26,697 (40,026)	69,541 (48,055)	+44.7	14,595 ([illegible])	+19.7	87,848 (75,918)	775,605 (710,120)	16.5 (16.3)	165,965 (161,623)
FOOD RETAILING	6	101,257 (83,539)	+21.2	76,277 (63,020)	75,714 (61,735)	8,119 (21,685)	68,607 (40,041)	+71.5	12,962 (10,670)	+21.4	79,569 (47,919)	479,749 (391,567)	16.3 (16.1)	−20,352 (8,827)
NEWSPAPERS AND PUBLISHERS	4	15,726 (12,551)	+25.3	12,673 (10,534)	11,499 (9,326)	5,382 (4,259)	6,867 (5,071)	+35.8	1,822 (1,533)	+18.8	6,080 (6,025)	52,029 (44,952)	24.3 (23.0)	17,816 (15,490)
PACKAGING AND PAPER	5	101,644 (90,767)	+11.9	75,276 (67,696)	60,504 (57,595)	16,454 (11,756)	38,459 (39,502)	−2.6	13,019 (9,410)	+38.5	62,635 (63,400)	494,480 (403,808)	14.6 (16.8)	175,382 (151,033)
STORES	32	762,865 (624,517)	+22.1	651,095 (534,490)	600,550 (490,939)	214,752 (231,562)	384,332 (255,310)	+48.9	123,473 (97,667)	+26.4	340,827 (226,419)	3,482,694 (2,871,878)	18.7 (20.5)	759,511 (640,222)
CLOTHING AND FOOTWEAR	14	31,451 (27,176)	+15.6	24,276 (21,205)	21,125 (18,241)	7,368 (6,019)	13,335 (11,869)	+12.2	3,692 (2,896)	+27.5	14,695 (13,668)	131,268 (110,057)	18.5 (19.3)	51,073 (42,924)
TEXTILES	12	261,416 (234,827)	+7.1	165,657 (149,180)	120,350 (106,850)	30,760 (29,516)	81,375 (69,946)	+16.5	35,107 (29,046)	+20.9	128,746 (122,619)	1,284,175 (1,260,022)	12.7 (11.8)	524,995 (512,715)
TOBACCO	1	12,349 (10,536)	+17.2	11,073 (9,580)	10,410 (9,138)	4,946 (4,759)	5,018 (4,052)	+23.5	826 (752)	+12.8	8,110 (5,945)	36,346 (32,122)	30.5 (29.5)	27,461 (22,892)
TOYS AND GAMES	2	18,329 (14,994)	+22.2	9,450 (11,610)	6,802 (10,517)	684 (4,734)	6,050 (6,712)	+5.9	1,734 (1,609)	+7.8	11,942 (5,735)	68,762 (72,466)	13.7 (16.0)	20,545 (24,952)
TOTAL CONSUMER NON-DURABLES	91	1,745,865 (1,498,331)	+16.5	1,556,306 (1,169,958)	1,172,180 (1,004,561)	386,585 (414,492)	789,613 (564,567)	+39.9	247,181 (200,304)	+23.4	884,224 (659,048)	8,316,862 (7,063,111)	16.3 (16.4)	1,939,566 (1,756,616)
CHEMICALS	5	188,146 (184,388)	+2.0	163,502 (162,765)	149,014 (146,556)	51,657 (66,536)	96,771 (76,177)	+23.8	33,829 (28,012)	+20.8	86,669 (71,213)	570,747 (445,826)	28.6 (36.5)	303,292 (237,739)
OFFICE EQUIPMENT	3	2,661 (2,264)	+17.5	1,852 (1,442)	1,428 (1,034)	484 (394)	928 (630)	+47.3	429 (402)	+6.7	987 (744)	9,711 (8,515)	19.1 (16.9)	4,135 (2,712)
SHIPPING	1	2,841 (567)	+384.9	−339 (−2,668)	−2,668 (−4,963)	— (—)	−3,593 (−4,909)	+30.9	338 [illegible]	—	−479 (−1,621)	70,337 (70,134)	— (—)	19,526 (12,602)
MISC. INDUSTRIAL	35	539,628 (457,126)	+18.0	423,488 (353,806)	343,164 (281,141)	139,409 (130,864)	195,154 (137,880)	+41.5	53,808 (46,000)	+17.0	247,703 (185,665)	2,393,128 (2,216,313)	17.7 (16.0)	817,634 (691,252)
TOTAL INDUSTRIALS	216	3,295,805 (2,839,078)	+16.1	2,569,194 (2,221,062)	2,205,969 (1,906,525)	721,973 (795,545)	1,436,855 (1,061,356)	+35.4	429,488 (344,579)	+24.6	1,654,736 (1,265,006)	14,620,608 (12,165,050)	17.6 (18.2)	4,489,237 (3,882,987)
OIL	2	3,044 (3,039)	+0.2	1,547 (1,670)	1,276 (1,597)	385 (603)	886 (988)	−10.3	248 (225)	+10.3	1,912 (1,713)	17,060 (16,505)	9.1 (11.3)	4,419 (4,913)
BANKS	1	65,664 (47,286)	+38.8	34,252 (27,593)	34,252 (27,593)	12,908 (15,000)	21,344 (12,593)	+69.5	3,950 (3,537)	+11.7	48,586 ([illegible])	215,448 (169,153)	15.9 (16.3)	125,255 (99,902)
DISCOUNT HOUSES MERCHANT BANKS etc.	7	48,141 (37,815)	+27.3	— (—)	— (—)	— (—)	34,631 (28,309)	+22.3	10,565 (8,712)	+21.2	— (—)	4,804,869* (4,445,337)*	— (—)	−338,685 (−379,845)
HIRE PURCHASE	2	3,082 (2,353)	+31.0	2,612 (1,938)	1,351 (1,409)	282 (654)	1,058 (777)	+36.2	522 (426)	+22.5	871 (571)	28,073 (15,910)	11.4 (13.9)	15,882 (7,345)
INSURANCE	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	3	20,725 (18,134)	+14.3	17,384 (16,765)	17,086 (16,432)	7,596 (7,904)	9,404 (8,504)	+10.6	2,327 (2,022)	+15.1	9,583 (7,358)	28,808 (28,557)	62.2 (69.1)	8,499 (6,321)
INVESTMENT TRUSTS	59	131,857 (115,416)	+14.2	130,695 (114,172)	108,811 (94,380)	39,542 (36,053)	67,658 (57,210)	+18.3	63,713 (53,896)	+18.2	5,952 (3,375)	2,691,453 (2,047,792)	5.0 (5.6)	37,393 (32,956)
PROPERTY	17	114,151 (111,929)	+2.0	110,381 (106,023)	41,277 (31,674)	23,027 (20,421)	17,896 (11,011)	+62.5	21,838 (16,239)	+34.5	−1,789 (−3,405)	2,232,317 (1,789,689)	4.9 (6.0)	7,806 (5,116)
MISC. FINANCIAL	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TOTAL FINANCIAL	88	383,610 (332,933)	+15.2	295,394 (268,491)	202,757 (171,988)	83,355 (80,012)	151,991 (118,404)	+28.4	102,906 (84,832)	+21.3	61,173 (37,207)	†5,089,499 (†4,048,901)	5.8 (6.6)	−160,857 (−228,207)
RUBBERS	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TEA	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
TIN	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS MINING	—	— (—)	—	— (—)	— (—)	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OVERSEAS TRADERS	1	3,818 (3,443)	+10.9	3,232 (2,787)	3,106 (2,697)	1,264 (1,168)	1,842 (1,528)	+20.5	463 (380)	+21.8	1,914 (1,762)	11,243 (11,759)	28.7 (23.7)	−48 (274)
TOTAL COMMODITIES	1	3,818 (3,443)	+10.9	3,232 (2,787)	3,106 (2,697)	1,264 (1,168)	1,842 (1,528)	+20.5	463 (380)	+21.8	1,914 (1,762)	11,943 (11,759)	28.7 (23.7)	−48 (274)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before charging depreciation; loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses, insurances, etc.

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

West of England Trust profit up

NET PROFITS of the West of England Trust were up 52 per cent to £1.32m for the year ending June 30, 1979, compared with £866,000 last year.

The Bristol-based group, whose interests include the Tyndall and London Wall groups of unit trusts and Jordans, the legal and financial services company, reports earnings per share up 50 per cent from 5.47p to 8.17p.

Net assets per share at June 30, 1979, amounted to 63.4p compared with 56.8p a year ago.

The Board is recommending a final dividend for the year of 1.4817p per share making a total dividend for the year of 2.5p per share compared with 1.5317p, an increase of 63 per cent.

Earnings, say the directors, now relate to an integrated business which is under the West of England Trust's direct management and control and the company has built up an experienced senior management group with expertise covering every aspect of the business.

The former substantial dependence upon associated activities has been eliminated by the structural changes achieved over the past three years.

The group is in the early stages of an overall three-year development period, add the directors, and has adequate financial resources and a management in depth capable of carrying through and controlling the expansion of business on a sound and profitable basis.

	1979 £000	*1978 £000
Investment services ...	1,017	961
Legal & finan. services	248	246
Commercial industrial		
Commercial, industrial	432	105
Operating profit	1,697	1,312
Interest and management expenses	348	311
Leaving	1,349	1,001
UK tax	8	113
Overseas tax	26	22
Net profit	1,315	866
Minorities	2	3
Extraord. debits	67	†38
Attributable	1,246	895
Dividends	402	246
Retained	844	649

* Adjusted. † Credits.

Winston Ests. expands to £199,708

An advance in taxable profits is announced by Winston Estates, the property development and investment group, for the first half of 1979. The directors say that a professional revaluation of the property portfolio at June 30 showed an excess over book value of slightly above £760,000.

The taxable profit at midway was lifted from £150,464 to £199,708 which is after the surplus on the sale of rental property of £67,758, against £44,373.

Revenue profit rose from £106,091 to £131,950 reflecting an increase in income from rental properties.

The interim dividend is being lifted from 0.5025p net per 25p share to 0.7p. Last year's payment totalled 1.42375p on taxable profits of £277,000.

After tax of £80,134 (£53,734) and a transfer to capital reserves of £55,883 (£37,774) the available surplus at midway is up from £58,956 to £63,641.

Midterm fall by J. Wilkes

A downturn in taxable profits from £256,438 to £160,906 is reported by James Wilkes, maker of business forms and equipment, for the first six months of 1979. Turnover increased from £4.4m to £5.16m.

After tax of £51,200, against £132,000, net profits were down from £124,438 to £109,706.

Stated earnings per 25p share were marginally lower at 3.7p (3.8p) and the interim dividend is kept at 1.5p net—last year's final was 2.625p, on £575,892 pre-tax profit.

MATTHEW CLARK

After eight months trading, the directors of Matthew Clark had said that profits for the full year were unlikely to be less than the previous year. On reporting the years' results, to April 30, 1979, yesterday, it was incorrectly stated that profits for the year were likely to be less than those for 1977/78.

DUNBEE-COMBEX

At the extraordinary general meeting of Dunbee-Combex-Marx shareholders approved the accounts for the year to December 31, 1978, and appointed Coopers and Lybrand and H. W. Fisher and Co. as joint auditors.

MINING NEWS

Gold price boost for Harmony dividend

BY KENNETH MARSTON, MINING EDITOR

THE FIRST of the half-yearly dividends to be declared by the South African gold mines following the strong advance in the bullion price over the past few months comes from the Rand Mines group's Harmony Gold and it surpasses all expectations.

The payment is an interim of 85 cents (45.8p) for the current year to June 30. It compares with 37 cents a year ago, an interim which was followed by a final of 53 cents to make a total for 1978-79 of 90 cents.

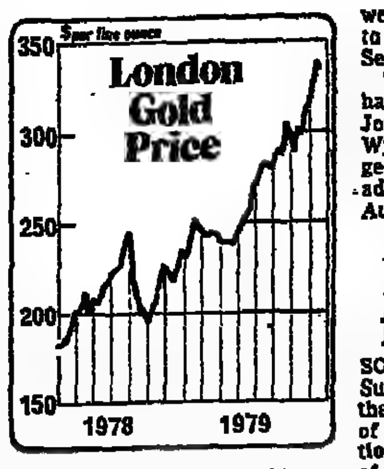
Rising gold prices make the most impact on earnings of marginal, or high cost, gold producers. Harmony is a prime example of such a mine because last year its gold operations produced virtually no profit at the prices then prevailing: the mine's earnings were provided by its important contractual uranium production.

The latest payment may augur well for the dividends due to be declared today by the Union Corporation group mines. These will take he form of final dividends for the current year to September 30 and are due from Bracken, Kinross, Leslie, Winkelhaak and the OFS producer, St. Helena.

The majority of the South African gold and uranium mines declare their half-yearly dividends in June and December. But next month, finals are due from the Anglo American Corporation group's South African Land ("Sallies"), Vaal Reefs and Western Deep.

Also due then will be the industry's reports for the September quarter. Clearly, profits for the period will show a good advance on those of the previous three months which were based on an average gold price received of $260 per ounce. It closed at $334 yesterday.

It also seems unlikely that any mines will be requiring further assistance under South Africa's scheme for the very marginal mines, which would otherwise face a close-down. The aid payments, incidentally, are not required to be repaid when the mines' fortunes improve, as they are now doing.



Aerial survey for Jordan

JORDAN'S deep-seated belief that it should logically have underground oil, gas or other mineral reserves like its oil-rich neighbours to the south, east and north will be put to its most extensive test ever during the coming year, reports Rami Khouri from Amman.

Two contracts have been signed for American firms to conduct aerial surveys to explore for minerals and water. Both projects are partly funded by U.S. aid.

The first contract—worth $1.3m (£592,000)—calls for Phoenix Corporation to carry out a magnetic radiation survey of the entire country, searching for minerals zones and underground water reserves. Geoterrex has been subcontracted by Phoenix to do the actual flying, while Phoenix will interpret the data.

The second contract, worth $1.2m, calls on Geoterrex to conduct an airborne electro-magnetic survey of the south-western area of the country, up to about the middle of the Dead Sea.

These will be the most exhaustive survey ever done in Jordan, according to Dr. Jeffrey Wynn, a U.S. Geological Survey geophysicist who is technical adviser to the Natural Resources Authority of Jordan.

New contract for Amcoal

SOUTH AFRICA'S Electricity Supply Commission has indicated that it proposes to accept the offer of Anglo American Coal Corporation (Amcoal) to supply a total of 460m tonnes of coal over 40 years, deliveries to start in the late-1980s.

In July last year Escom disclosed that it was looking for coal supplies to fuel its proposed new power stations.

Amcoal, which last year sold a total of 26.7m tonnes of coal and coke is one of the world's largest coal-mining groups. Owning vast reserves of coal, it could eventually be mining at a rate of some 100m tonnes a year.

MARY KATHLEEN SALE IS UNDER CONSIDERATION

The Australian Federal Government has confirmed that it is investigating the possibility of selling its shareholding in Mary Kathleen Uranium.

The Trade and Resources Minister, Mr. Doug Anthony, told Parliament following the tabling of the first Uranium Advisory Council report: "I have asked my department to investigate the possibility of divesting the Government's shareholding in Mary Kathleen Uranium."

The Government, through the Australian Atomic Energy Commission, holds 41.64 per cent of MKU with Conzinc Riotinto of Australia holding 51 per cent.

Brooks Watson moves ahead

WITH HIGHER earnings from all four divisions, Dublin-based Brooks Watson Group, builders' provider, distributor of farm machinery and pharmaceuticals, increased pre-tax profits from £855,000 to £1.02m for the first half of 1979. External sales rose from £40.53m to £53.04m.

Last May, in his annual statement with accounts, Mr. N. Rafferty, the chairman, said that the group had made a satisfactory start to 1979.

The half-yearly tax charge has this time been estimated at 36 per cent and geos up from an adjusted £310,000 to £367,000, leaving net profits ahead at £653,000 (£545,000).

Earnings per 20p share are shown higher at 3.77p (3.17p) and the interim dividend is increased from 0.65p to 0.75p net—last year's total was 2.6p and profit was a record £2m.

	Six months 1979 £000	Six months 1978 £000	Year 1978 £000
External sales	53,043	40,531	88,347
Profit before tax	1,020	855	2,002
Taxation	367	310	725
Net profit	653	545	1,277
To minorities ..	5	1	3
Pref. dividend ..	1	1	2
Attrib. to ord ...	647	543	1,272
Ord. dividend ...	129	111	445
Retained	518	432	827

REPORTS TO MEETINGS

UGI chief sounds warning

AT THE annual meeting of United Gas Industries, Mr. H. T. Nicholson, chairman, said that every day the engineering strike continued, it was costing the group something over £50,000 in profit, so that the two day a week strike would cost £100,000 a week.

Shareholders must appreciate, he said, that UGI was only a medium sized company with profits last year before tax of £2.5m. "There are, of course, other factors involved," the chairman said.

Some of the group's sales were seasonal and the group might well lose them permanently. Some other products that could not be produced because of the strike were being brought in from foreign competitors and the group might well lose certain markets permanently because of this.

In addition heavy interest charges would undoubtedly be incurred before things got back to normal, Mr. Nicholson said.

These circumstances were most regrettable because up to the end of July, the group was doing extremely well "indeed better than our budget and better than last year."

Referring to the group's 9 per cent convertible loan stock of which there was £2.34m in issue, the chairman said £678,000 was converted during the month up to September 6.

The effect of this was that the group would have more fixed capital which would never have to be repaid against a liability which had to be repaid not later than 1986.

At other meetings held yesterday, the chairman reported as follows:

Mr. S. R. Nicolson, chairman of Alexander Russell, said he would expect the current six months to be very similar to last year as results at the four months stage were slightly ahead.

With regard to the second half of this year, the erection of the group's new coal recovery plant at Kingshall was nearing completion and it was hoped to have it in operation by the end of October.

BANK RETURN

BANKING DEPARTMENT

	Wednesday Sept. 12 1979 £	Increase (+) or Decrease (—) for week £
Liabilities		
Capital	14,553,000	—
Public Deposits	24,527,749	— 6,265,318
Special Deposits	771,936,000	+ 251,936,000
Bankers Deposits	453,424,620	— 170,340,469
Reserves & other Accounts	600,425,596	— 48,010,952
	1,864,875,967	+ 27,328,261
Assets		
Government Securities	1,361,075,471	— 30,085,000
Advances & Other Accounts	205,528,736	+ 44,076,717
Premises Equipment & Other Secs.	270,041,842	+ 7,349,452
Notes	27,891,972	+ 5,940,984
Coin	237,946	+ 46,108
	1,864,876,967	+ 27,328,261

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	9,475,000,000	— 25,000,000
In Circulation	9,447,108,028	— 30,940,984
In Banking Department	27,891,972	+ 5,940,984
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	8,224,000,968	+ 335,408,026
Other Securities	1,239,983,932	— 360,408,026
	9,475,000,000	— 25,000,000

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Spillers forecasts £15m and 67% dividend boost

BY CHRISTINE MOIR

MR. MICHAEL VERNON, chairman of Spillers, and his board, remain entrenched in their opposition to the bid from Dalgety in the defence document which was posted to shareholders yesterday.

Shareholders are promised a two-thirds increase in the dividend on forecast profits up only £300,000 from last year's £14.7m, but, as expected, the main plank of the defence consists in attacking the quality of Dalgety's earnings and its lack of industrial logic in proposing the merger.

Mr. David Donne, Dalgety's chairman, dismissed the arguments as predictable and said that the profit forecast from Spillers' meant a fourth year of decline.

In the 1977-78 year, Spillers' pre-tax profits included £2.5m final losses on the bread baking side closed in April. For the current year the board is forecasting £15m at the pre-tax level after an expected £2m loss in the U.S. from the recent acquisition, Modern Maid.

Losses are continuing there but it is hoped that Modern Maid will return to profits by the end of the calendar year. The turnround is likely to involve rationalisation and the forecast includes an unspecified extraordinary loss from that business.

The pre-tax figures also include a similar level of unremitable profits from Zimbabwe Rhodesia to last year, around £1.24m and £500,000 from associates.

Mr. Vernon declined to give figures for the interim period just passed but said that ithad been disappointing. The second half, which will have the benefit of the 8 per cent flour price increase, is expected to be "very much better."

A further smaller price increase is expected in the final month or so of the year but will not have a material effect on profits.

The price increases will be insufficient to restore flour milling returns on capital to their previous levels and Mr. Vernon said that he could not foresee a future in which milling returns reached their historic high.

Milling will contribute "about a third" of this year's profits, according to Mr. Vernon, disclosing that they accounted for "under a half" of last year's.

Overheads are reducin gfollowing the baking closure and future prospects in both meat, animal feeds and groceries are goods, Mr. Vernon said, but the business will not "fit happily" with Dalgety. For shareholders to swop their Spillers' shares for Dalgety's would not be replacing like with like.

The key aspect of the document is the warning that shareholders would be taking a risk in accepting Dalgety paper. Spillers' board and its bankers, J. Henry Schroder Wagg, claim that Dalgety's profit prospects are uncertain.

They query the position over Dalgety's lumber business, its Australian property developments and the competitive U.S. market in frozen foods which Dalgety has recently entered.

As a result of cyclical problems, they claim, Dalgety's paper could be subject to major fluctuations. They also point out that the large stake in Dalgety which would be overhanging the market through Lazards should the bid succeed, would depress Dalgety's share price for some time.

The final plank in the defence is the 67 per cent increase in the dividend to 8.4p, a shade above the dividend from Dalgety. The new dividend is said to be covered "around twice" but this is on a 28 per cent tax charge.

Market reaction to the document was subdued. Spillers' shares were marked up ½p to 45½p and Dalgety's down 1p to 293p.

Heywood offer backed by FPA

BY RAY MAUGHAN

The Board of FPA Construction Group proposes to solve the problem of a substantial deficit on distributable reserves by recommending shareholders to accept a £1.34m share offer from Heywood Williams Group.

Mr. Douglas Oliphant, chairman of both companies, has taken no part in any decision to make or accept the offer. Heywood, which manufactures aluminium and glass building materials, is offering four of its own shares for every 21 shares in FPA which are consequently valued at 16.95p each. The share price fell 1p yesterday to 17p.

FPA was showing a £449,000 deficit on distributable reserves in the last balance and this has been enlarged by a further loss of £32,000 in the six months to June 30. But its loss makers, principally FPA Finnegan whose revenue had been syphoned off to finance property investments, have been sold and the continuing operations made a pre-tax profit of £273,000 in the year ended January 3. The Board forecasts that profits for the current year will not be "materially different."

The improvement has come too late to recommend any dividend for the current period and Mr. Oliphant, a former director of Hanson Trust, doubts whether any payment would be possible next time, given the extent of the balance sheet deficit.

If the bid is accepted, FPA shareholders would be entitled to a gross interim dividend of 1.333p per share which represents a yield of 7.8 per cent on the value of their shares at the offer price.

Mr. Oliphant accepted the offer to chair FPA "with reluctance" on a temporary and part time basis about a year ago on the assumption that the group would quickly receive a bid as its property interests were wound down. When no approach materialised, it was decided that FPA would stand a better chance of prospering within a larger financial base.

FPA had net tangible assets of £1.56m at the last balance sheet date which, in per share terms, now broadly equates with the offer price. Trading links already exist between the two groups and further collaboration in the UK is envisaged. FPA's profits this year have been affected by "the unusual severity of the winter" but the Board's most urgent task remains the sale of its residual property portfolio. Despite the apparent buoyancy of the property market this year, the rundown has not been as swift as had been hoped.

Lloyds Bank International is advising the bidder while Singer and Friedlander is advising FPA.

ST. GEORGE'S LAUNDRY (WORCS.)

Listing of St. George's Laundry (Worcester) has been restored. Discussions with Provincial Laundries, which may have led to an offer, have been terminated.

DAVID DIXON

Nearly a third of the equity in David Dixon and Sons, the hosiery and underwear maker, has been placed with institutions by Birmingham and Midland Counties Trust, the private company owned by Mr. Graham Ferguson Lacey.

Mr. Ferguson Lacey, who built up his stake of 544,000 shares at an average price of 94p, has made a profit of just over £300,000 on the deal. The bulk of the shares were acquired when BMCT bought Dowgate and General the collapsed company once controlled by Mr. Malcolm Horsman.

APB/HAMMICKS

Shareholders of Associated Book Publishers have approved at an extraordinary meeting the proposed purchase of 40 per cent of Hammicks Bookshops, not already owned by ABP.

BOC sells off Deloro cobalt side to Cabot Corporation

BOC International has decided to sell its Deloro Satellite Group to Cabot Corporation of the U.S. for £17m (about $40m) cash.

Deloro was bought by BOC for £5m in 1971 and has plants in the UK, Canada, West Germany, Sweden, and Spain. It is mainly concerned with the manufacture of cobalt-base alloys, with some production of nickel-base alloys and stainless steels.

Commenting on the agreement, Sir Leslie Smith, the chairman of BOC, said that the recent massive rises in the price of cobalt had radically altered the nature of the business since the early 1970s.

"It is now evident that if the Deloro companies are to continue to prosper in the future, they will require a high degree of technology involving continuous development of new and improved products and processes with special metallurgical expertise."

This, he added, would also require a continuing financial commitment to maintain market position against aggressive international competition.

"In this situation, BOC has decided against providing the resources of technology and finance necessary to maintain its position and has, therefore, decided to dispose of its interests in this activity."

Deloro employs 375 people around the world, mainly in Swindon in the UK.

SCOTT AND ROBERTSON

Agreement has been reached subject to contract for Scott and Robertson to acquire from Michael Denny (Holdings) its wholly owned subsidiary Douglas Plastics, of Douglas, Lanarkshire.

Completion is planned to take place in October and the consideration, to be satisfied in cash and is subject to the audit of the accounts of Douglas as at August 31, will be approximately £150,000.

CONCENTRIC

Discussions are at an advanced stage for Concentric to acquire the whole of the issued share capital of Henley Foundries, a wholly owned subsidiary of Associated Electrical Industries.

Concentric's outlay, all in cash, is not expected to exceed £900,000. Full details concerning the acquisition will be announced upon successful completion.

CORN EXCHANGE

The Corn Exchange Company announces that as Rothschild Investment Trust has not made any formal proposal it considers that the discussions have ended.

SHARES STAKES

BTR—W. D. T. Tapley, director, has disposed of 30,000 ordinary shares and O. Green, director, has disposed of 20,000 ordinary shares.

Huntleigh Group—Sir Joseph Hunt, chairman and his wife have sold 10,000 ordinary shares.

Tor Investment Trust — Pegasus nominees have acquired 19,933 capital shares making their total holding 201,500 (8.93 per cent).

Bulmer and Lumb—A trust of which E. K. Macaueley, director is a trustee, has sold 11,975 ordinary shares.

W. N. Sharpe Holdings—N. H. Sharpe, director, has sold 75,000 A non voting shares.

Ultramar Company—Company has corrected statement which it made on August 22. Corrected holdings are as follows. C. L. Nelson holds 96,503 shares, A. Lorbeer 111,273 shares, and J. A. Owers, as trustee, 3,170 shares.

Jardine Japan Investment Trust — Merchant Navy Officers Pension Fund has acquired 150,000 shares making their holding 1,650,000 shares (16.5 per cent).

John Carr Doncaster — O. J. Carr, director, has sold 40,000 shares. J. R. Woolley, director, has sold 5,000 ordinary.

Levex—Company are advised that Menin Properties no longer hold a notifiable interest in its shares.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Colgate holds new talks on Helena Rubinstein sale

BY STEWART FLEMING IN NEW YORK

COLGATE-PALMOLIVE is once again engaged in talks aimed at disposing of its troubled Helena Rubinstein cosmetics business.

The company made a brief announcement yesterday to the effect that it was engaged in negotiations with L'Oreal and Cosmair with a view to the *acquisition by the two companies* of Colgate's interest in the worldwide Helena Rubinstein business.

The cosmetics subsidiary has been a drag on Colgate's earnings for a number of years, and *sustained a loss in the first* quarter of this year. Its U.S. *domestic operations have not* been profitable since Colgate acquired the business six years ago for stock worth $142.2m.

Earlier this year, after an agreement in principle on a sale to Kao Soap, of Tokyo, had *been announced, the deal broke* down.

TV network bids for Macmillan

BY OUR NEW YORK STAFF

AMERICAN Broadcasting Companies, one of the three U.S. national television networks, has moved for control of the publishing company, Macmillan, a leader in the textbook and educational services business.

Two weeks ago, Macmillan, which has no connection with the UK publishing company of the same name, disclosed that it had agreed to a $329m take-over *by Mattel, a leading U.S. toy* company. Mattel had earlier signalled its aim to diversify into publishing with a $121m take-over of Western Publishing.

But yesterday Macmillan announced *that it had received a* proposal from American Broadcasting (ABC) to negotiate a merger and that it had accepted the ABC proposal, taking no action on the *Mattel* bid.

ABC contemplates issuing 8½ *per cent preferred stock of par* value $25 for about 55 per cent of the Outstanding Macmillan shares and a 10 per cent subordinated debenture for the *remainder. The deal would be* structured to qualify as a tax free reorganisation.

Mattel had proposed offering a combination of cash, its own *common stock and a subordi*nated debenture for Macmillan, *with the offer worth around* $24.50 a share. It would appear that ABC is structuring its offer to be worth around $25 a share.

Ironically, RCA, owner of NBC another o fthe U.S. television networks, recently disclosed plans to sell its publishing interests including the Random House publishing company following the acquisition of a leading finance house, CIT *Financial for $1.4bn.* Meanwhile, CBS, the third of the networks, is also seeking diversification. It was announced that it was talking with Crum and Forster a leading U.S. insurance company.

Chrysler sees year loss as $800m

BY JOHN WYLES IN NEW YORK

CHRYSLER CORPORATION, which a week ago warned that *its losses this year would top* its earlier predictions of $600m-$700m, yesterday disclosed that in the third quarter alone it would lose more than $410m. With a $260m deficit in the first half the loss for the year could reach $1bn.

The latest indications from the company are *that the total* loss for the full year will be around the $800m mark, with the third quarter loss about *double that of the second* quarter.

The announcement came following the release of company forecasts for the U.S. car market in *1980,* which reveal Chrysler's prospects as the gloomiest of the "Big Three" U.S. car manufacturers.

The new estimates of Chrysler's losses were given by Mr. Lee Iacocca, the president. *The third quarter loss would be* at least double the $207m the company lost in the second quarter, he said.

In the first half of the year Chrysler's losses totalled $260m, so the latest estimates imply losses for the first three quarters of 1979 in excess of $600m.

The company's sales forecast is for a 6.6 per cent drop in model 1980 deliveries. This rounds out at about 10m cars, including imports, and contrasts with Ford Motor Company's expectation of 10.5m units in *the 1980 model year and General* Motors' extremely bullish sales forecast of "in excess of" 11m units.

Pillsbury looks to record year

MINNEAPOLIS — Pillsbury Company, the food and restaurants concern, expects very strong first quarter results and will set sales and profit records in the fiscal year ending May 31, 1980, Mr. William Spoor, the chairman, told the annual meeting.

In 1978-79 Pillsbury had first quarter earnings of $19.2m on *sales of $462.6m.* Sales and earnings in the year were $2.2bn and $83.5m respectively. Reuter.

Bid target General Host projects rise in income

STAMFORD — General Host Corporation, which currently faces a takeover bid from fellow food products group, Clabir, *said that on the basis of pre*liminary figures for the first eight weeks of its 16-week third quarter it appears that income for the quarter will be higher than net income for the comparable period last year.

In the third quarter of 1978, the company earned $752,000 or 42 cents a share on sales of $234.3m.

The directors said they have reviewed the announcements that Clabir has begun to explore means of financing a possible offer for all of General Host's stock and convertible debentures.

Among other things, General Host said it appears that, because of Clabir's very limited resources, an offer by Clabir would probably involve using General Host's assets in one way or another *to pay debt of Clabir* AP-DJ

Payment and profit increased at Heinz

By Our Financial Staff

NET EARNINGS for the first quarter ended August 1 at H. J. Heinz rose to $32m or $1.49 a share against $21.16m or 91 cents. The quarterly dividend is being increased to 55 cents from 50 cents. Sales advanced to $657m from $555m. Heinz said that its 1978 first quarter earnings "*will be restated in* connection with the previously-announced inquiry" by the Heinz board audit committee into questionable prepayment arrangements with vendors.

In an updated report on the investigation, *the company* added that "the aggregate amount of net income improperly transferred to fiscal year 1979 from prior years" is about $8.5m. *Last June,* the company said that this amount was estimated to be about $5.5m.

U.S. Life makes $40m offer

NEW YORK—*U.S. Life Cor*poration plans to acquire all the shares outstanding of Security of America Life Insurance of Reading, for $20 a share or a total of about $40m.

Security of America's Board voted to recommend the proposal to its shareholders. Security has about 2m common shares outstanding.

U.S. Life said the transaction might be made through a tender offer or another form on which the two companies agree.

***The proposed offer is sub*ject to the approval of U.S. Life's Board and various regulatory authorities, includin gthe Pennsylvania Commissioner of Insurance.**

According to the proposal, U.S. Life can decline to buy any security shares if at least 90 per cent of the shares are not tendered. The offer will be terminated if the transaction is not completed by January.

AP-DJ

● NEWS ANALYSIS — PULP LOSSES IN QUEBEC

ITT sets aside $320m reserve

BY ROBERT GIBBENS IN MONTREAL

INTERNATIONAL Telephone and Telegraph (ITT) says it is setting up a reserve of $320m to cover the possible loss of its investment in its Port *Cartier dissolving pulp mill in* Quebec. The mill, one of the largest of its kind in the world, was built in the early 'seventies at a cost of nearly $400m.

ITT, through its Rayoner subsidiary, says it will shut down the mill indefinitely because of a strike that has interrupted *operations* for more than three months and because of continuing heavy losses.

In a statement from New York, it said it had been concluded that "without improved local conditions and a large capital *investment, profitable* results are not possible." The decision had been made after "intensive studies of the operating difficulties and of world markets.

"Studies seeking a viable *alternative which would permit* operation of the mill will continue, but until we find an acceptable solution the mill will remain closed," the company said.

The mill has been making heavy losses since start-up in 1974. Suggestions have been made that the project's problems and its future were a factor in the recent shake-up at ITT when Mr. Rand V. Araskog became the new presi*dent and chief executive.*

The mill was granted a huge timber lease area on the North Shore of the St. Lawrence above Port Cartier, 650 miles north-east of Montreal, by the Quebec Government. This timber had been refused for mill development by several newsprint producers on the grounds that much of it was old and unsuitable.

ITT Rayonier, which has another major dissolving pulp mill in *British Columbia,* also received Federal Government grants totalling millions of dollars to develop the wood and build the mill. Dissolving *pulp is used mainly for rayon* manufacture.

Many new technical features were included in the mill which was designed by Rayonier's American operation—its mills are mainly in Georgia. Part of the agreement with the Federal and Quebec Governments was that when the world market justified it the mill would be expanded and further wood limits granted.

At the time, both Governments were very keen to create new employment in the Port Cartier region. Port Cartier is mainly an iron ore shipping port about 50 miles west of Septiles, the main lower St. *Lawrence iron ore* port.

The mill ran into problems with the *construction* unions early in the building phase and again with the pulp and paper unions when it started up. Before the present strike, it employed about 1,300 directly and in the woodlands operations. The closure could well become a cause célèbre in the Quebec labour relations field and there will be strong political implications.

The ITT group has been under criticism in Canada for the methods with which it manages its operations, often without justification. Rayonier Quebec had made strong efforts to train local people to run the operation although American supervision of construction and operation, and frequent changes in senior management, led to difficulties. Setting up the special reserve will result in a one-time charge of $2.25 to ITT's third quarter earnings, leading to an overall loss. ITT's other operations, including *other* Rayonier operations, remain strong. The Quebec mill's operating losses in 1977 were $50m and $58m in 1978. ITT said "traditional dividend policy" would no be affected by the mill *closure.*

Air Products forecasts record fourth quarter

ALLENTOWN — Air Products and Chemical Incor*porated expects* record fourth quarter and full year net profits and sales for the periods ending September 30, Mr. Edward Donley, chairman and chief *executive said.*

He expects the industrial gas and chemical company *to show* a rise in fourth quarter net income of about 25 per cent to about $24m or a range of 85 cents to 90 cents a share from last year's $19.6m or 70 cents a share. He added that sales should rise by about 14 per cent to $314m from last year's $275.1m.

Mr. Donley said the projected increase in earnings was caused by continuing high demand for all the company's products—industrial gas, chemicals and equipment. He cited the shipping to Algeria in the fourth *quarter of two large* heat-exchange units to liquefy natural gas.

Mr. Donley expects Air Products' net full-year income to rise by about 27 per cent to $96m or about $3.40 a share from last year's $76.2m or $2.70 a share. *Sales should rise by* about 15 per cent to $1.19bn from $1.04bn.

The company had not been affected by the current recession and the volume of shipments was still high. Although margins *were holding, the company was* experiencing "some price difficulties" when renegotiating contracts to supply industrial gases. Mr. Donely mentioned liquid oxygen as a product for which it was becoming harder to pass on *cost increases in the U.S.* and in Europe.

AP-DJ

Longs Drugs Stores

LONGS DRUGS STORES raised itst net income for the second quarter, to July 31, to $6.65m, or 63 cents a share, from $5.76m, or 54 cents, a year ealier, reports Reuter from New York. Revenues rose to $188.1m, from $158.1m.

Trans World Airlines rebuffs TXIA offer

BY OUR NEW YORK STAFF

TEXAS INTERNATIONAL Airlines, the small regional carrier which started a bid war for National Airlines 15 month ago, still wants to own a major U.S. carrier, and yesterday put in an *inquiry for Trans World Air*lines.

The U.S. airline industry has been waiting for TXIA to make a move since it recently announced the sale of its 24.5 per cent stake in National to Pan American World Airways. That will swell its coffers by $105m gross and about $46m net. With the other funds TXIA had rounded up for its ultimately *unsuccessful National* bid, it may have more than $140m at its disposal.

TWA's parent company, Trans World Corporation, responded frostily yesterday to TXIA's interest "in negotiating a transaction," *saying it* had no interest in exploring the matter further and that no more discussions were planned.

That will leave the stock market breathing heavily in anticipation of the Texan airline's next move. Trans World's share price has climbed more than 4 points to 23¼ *over the last* couple of days in heavy trading, some of which TXIA may have been responsible for, since it revealed yesterday it had acquired an unspecified interest in the parent company.

*The entire company, includ*ing Hilton International Hotels and its catering subsidiary Canteen Corporation, has a stock market value of about $370m. That compares with a book value of $400m which is about $80m *less than analysts' esti*mates of the underlying asset value and nowhere near estimated market value.

Thus, Mr. Robert Joedicke, analyst with Lehman Brothers Kuhn Loeb, has estimated the *market value of Hilton Interna*tional and Canteen Corporation as $450m and the resale value of TWA's owned fleet of 162 jets at $1.067bn.

EUROBONDS

Chase prime increase starts wide range of falls

BY JOHN EVANS

Eurodollar bonds was reversed yesterday, with falls of up to ¾ point in a wide range of issues *in reaction to the increase in* Chase Manhattan's prime rate to 13 per cent.

The market also displayed concern that the latest weekly U.S. money supply data, due shortly, will show a sharp *expansion.*

In the U.S. "yankee" bond market for foreign issues, the **Imperial Oil of Canada $250m** issue, due 2009 and carrying a coupon of 9¾ per cent, was priced at 99.806 per cent to yield 10 per cent on an AIBD basis.

The $300m **Province of Ontario** 30-year bullet bonds, bearing 9¾ per cent, were priced at 94.5 *to yield 10.17 per cent.*

In Deutsche-Marks, the **DM 150m City of Kobe** 10-year Eurobond, carrying a coupon of 7¼ per cent, was priced at 100¼ by Deutsche Bank, the lead manager.

The bond markets had expected the issue to be priced at par, but Deutsche pitched the terms in favour of the borrower following a strong response for the bonds and the quality of the offering book. Nevertheless, the Kobe bonds drifted down to a level of 99 to 99¼ in secondary trading after the pricing, in line with yesterday's softer tone in the DM market generally.

After a short delay, Banque Generale du Luxembourg will be offering from today LuxFr 500m for the **European Coal and Steel Community.** The eight-year bonds, carrying an 8¼ per cent coupon, will be priced at 99¼. The issue was originally planned to total LuxFr 600m.

In the Swiss public market, **City of Copenhagen** is launching a SwFr 60m issue, due 1991, with final terms comprising a coupon of 4¼ per cent and pricing of 99. The lead manager is Union Bank of Switzerland.

Minolta Camera Co. is offering SwFr 50m, by way of a six-year convertible private placement bearing 4¼ per cent and priced at par. The conversion price is Y468 compared with a closing price for Minolta stock in Tokyo of Y434 on September 10. The manager is also UBS.

Elsewhere, brokers making an *unofficial* "third market" outside Denmark in **Danish Government** bonds reported a wave of selling on rumours of a devaluation of the Danish crown as early as this weekend. Dealers said the premium normally offered on the third market for Danish bonds has diminished completely.

Canada raises savings rate

BY VICTOR MACKIE IN OTTAWA

THE CANADIAN Government announced that the new 1979-80 series of Canada savings bonds will pay interest of 10.25 per cent and that bonds issued over the last five years will have interest rates increased to the same level.

The increase in interest rates for previously sold bonds will be effective on November 1 and will be paid in the form of a cash bonus on the maturity date of the 1974-75, 1975-76 and 1976-77 series of bonds.

There will be no extra payment if the bonds in these series are not held to maturity.

For those holding the 1977-78 and the 1978-79 series, the extra interest will be paid either at maturity or when the bonds are cashed.

It is the third time the interest rate has been increased for savings bonds sold last auttum.

The higher rates were paid because of a rapid rise in interest rates throughout the last year.

The rate charged by the Bank of Canada for its occasional loans to chartered banks—known as the bank rate—has increased nine times since March 1978.

The most recent increase last week raised it to a new record 12.25 per cent.

IBM petitions to oust judge in monopoly case

NEW YORK — International Business Machines Corporation has petitioned the U.S. Court of Appeals for an order directing Chief District Judge David N. Edelstein to withdraw from the trial of the Justice Department's civil computer monopoly suit against IBM.

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other *bonds see the complete list of Eurobond prices published* on the second Monday of each month.

Closing prices on September 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	96	96½	−0⅛	0	10.62
Alex Howden XW 9¾ 91	30	78¾	80¼	−1⅛	−7⅛	13.03
Australian Res. 9¾ 84	30	96⅛	96⅝	−0⅛	−0⅛	10.90
Avco O/S Cap. 10⅞ 87	40	90⅞	91⅜	0	−1	12.06
Beneficial Fin. 9⅝ 87	100	95⅛	96⅛	0	+0⅛	10.51
CECA 10⅜ 91	150	94½	95	−0⅛	−0⅛	11.57
CECA 9⅜ 89	125	†90⅜	91⅜	−0⅛	−1⅛	11.16
Canadian Pacific 9⅜ 89	50	95⅞	96⅜	−0⅛	−0⅛	10.39
Carter Hawley 9⅝ 86	50	94⅛	94⅝	+0⅛	0	10.85
Comalco Inv. E. 10⅛ 91	40	96⅜	97⅛	−0½	−0⅛	10.70
Continental Grp. 9⅝ 86	100	96⅛	96⅝	+0⅛	0	10.35
Dome Petroleum 10 94	50	93⅝	94	−0⅛	0	10.86
Dominion Bridge 10⅛ 84	30	96⅜	97⅛	−0⅛	−0⅛	11.10
Dow Chem. O/S 9⅜ 94	200	95⅝	96⅛	−0⅛	−0⅞	10.17
EIB 9⅝ 89	150	97⅛	97⅝	0	−0⅛	10.42
EIB 9⅞ 99	100	97	97½	0	−0⅛	10.46
EIB 9⅞ 87	150	98⅛	98⅝	0	−0⅛	10.41
EIB 10 99	150	97⅞	98⅛	−0⅛	−0⅛	10.50
Export Dv. Cpn. 9⅝ 84	100	96½	97	0	+0⅛	10.16
Export Dv. Cpn. 9⅝ 84	150	97⅝	98⅛	−0⅛	−0⅛	9.81
Finland 9½ 86	100	95	95½	−0⅛	−1	10.62
Finland 9⅝ 89	100	95⅞	96⅛	−0⅛	−0⅞	10.52
GTE Finance 9⅝ 84	50	98⅛	98⅝	+0⅛	+0⅛	10.49
GTE Finance 9⅛ 89	55	92⅜	93⅛	−0⅛	−0⅛	10.94
General Motors 9⅜ 86	100	95	95½	0	−0⅛	10.24
Gould Int. Fin. 9⅝ 85	50	96½	97	+0⅛	0	10.53
Hoechst Fin. XW 6¾ 89	125	†77½	78	+0⅛	−0½	10.48
Hudson Bay Co. 10 94	50	96	96½	−0⅛	−0½	10.50
ITT Antilles 9½ 89	75	93	93½	+0⅛	−0⅛	10.63
Kennecott Int. 9½ 86	100	91⅜	91⅞	−0⅛	−0⅛	11.33
Manitoba 9⅝ 89	75	94⅜	94⅞	−0⅛	−0⅛	10.40
Michelin 10 94	125	96⅜	96⅞	−0⅛	+0⅞	10.61
Nat. Des Telecm. 9½ 86	100	96	96½	+0⅛	−0⅛	10.28
New Brunswick 9⅝ 94	75	93⅜	93⅞	−0⅛	−0⅛	10.68
Newfoundland 10 94	50	96⅝	97⅛	+0⅛	−0⅛	10.41
Norway 9⅝ 84	150	98⅛	98⅝	0	+0⅛	10.28
Norway 9½ 84	150	96½	97	−0⅛	−0⅛	10.39
Nova-Scotia Pwr. 9⅝ 89	50	94⅞	95⅜	0	−0⅛	10.56
Occidental Fin. 10⅛ 84	50	96⅞	97⅜	0	−0⅛	11.03
Orient Leasing 9½ 86	25	92⅞	93⅜	−0½	−1⅛	10.97
Pennwalt O/S F. 9⅝ 84	25	96⅝	97⅛	−0⅛	0	10.80
Pepsico Cap. 9⅛ 84	100	97⅛	97⅝	+0⅛	−0⅛	9.99
Portland 10 84	50	96	96½	−0⅛	−0½	11.07
Quebec Hydro 10 99	75	92⅞	93⅜	−0⅛	−0⅞	10.84
Redland Fin. XW 9½ 91	25	86⅛	88	−0⅛	−0⅞	11.51
Sears Roebuck 9 82	150	96⅝	96⅞	−0⅛	−0⅛	10.60
Statoil 9⅝ 89	100	95⅝	96⅛	−0⅛	−0½	10.39
Stockholm 9⅝ 94	60	97	97½	0	−0½	10.37
Sweden 9½ 89	100	95⅛	95⅝	0	−0⅛	10.34
Sweden 9½ 86	200	96⅝	97⅛	0	−0⅛	10.42
Sweden 9⅜ 84	100	97½	98	−0⅛	+0⅞	10.35
Unilever NV 9⅛ 87	100	94⅝	95⅛	−0⅛	0	10.22
Warner-Lambert 9 84	100	96⅛	96⅝	−0⅛	−0⅛	10.26

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	94½	95½	−0⅛	0	8.24
Asian Dev. Bk. 7⅛ 89	100	98½	99	−0⅛	−0⅛	7.43
Banco Desarrollo 7⅛ 86	100	94½	95	−0⅛	0	8.32
Barclays O'seas 6¾ 89	100	97⅝	98⅛	−0⅛	−1⅛	7.07
Brazil 7⅜ 87	150	95⅜	95⅞	0	−1⅜	7.98
Brazil 8 87	150	100	100½	−0⅛	0	7.95
CECA 7 91	150	97⅞	98⅜	−0⅛	−0⅞	7.22
Council of Eur. 7⅜ 89	100	98⅞	99⅜	−0⅛	−0⅛	7.39
Denmark 5¾ 85	100	94⅞	94⅜	0	−0⅛	7.00
Denmark 6½ 89	100	94⅛	94⅝	−0⅛	−0⅛	7.30
EIB 6½ 91	200	94⅝	95⅛	0	0	7.24
EIB 7½ 89	200	100⅛	100⅞	−0⅛	−0⅛	7.42
Eletrobras-Brazil 7 87	100	96½	97	0	+2½	7.58
Eurofima 6½ 89	100	98⅛	98⅝	−0⅛	0	6.71
Finland 6 83	150	97½	98⅛	+0⅛	+0⅛	6.58
Mitsubishi Chem. 6½ 84	70	99⅞	100⅜	0	−0⅛	6.42
New Zealand 6¾ 87	200	94⅝	95	−0⅛	−2⅛	7.21
Nippon Kokan 6½ 84	100	98	98½	−0⅛	−0⅛	6.91
Nippon Tel. & T. 5⅞ 87	100	92⅛	92⅝	−0⅛	−0½	6.84
Nordic Inv. Bk. 6¾ 86	80	94⅞	95⅜	−0⅛	−1	7.21
Norges Komm. 7⅛ 91	150	102½	103	0	−0⅛	7.39
Norway 6⅛ 84	200	98⅞	99⅜	−0½	−0⅞	6.43
Occidental 6¾ 90	150	94	94½	−0⅛	+0⅛	7.52
OKB 6½ 88	100	96½	97	−0⅛	−0½	6.98
OKB 6 87	40	93⅛	94½	+0⅛	−0⅛	7.04
Tokyo Elec. Pwr. 6½ 85	200	98⅛	98⅝	−0⅛	−0⅛	6.85
World Bank 6¾ 88	400	93	93½	−0⅛	−0⅛	7.27
World Bank 7⅜ 91	400	101½	101⅝	0	+0⅛	7.66

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	102⅛	102½	+0⅛	+0⅛	5.18
Asian Dev. Bank 3½ 94	100	84⅞	85⅛	0	+0⅛	4.98
Aumar 5 89	80	101⅞	102⅛	0	+0⅛	4.74
Australia 3⅝ 89	250	95⅛	95⅜	−0⅛	−0⅛	4.24
Bergen, City of 4⅜ 91	40	104	104⅛	0	+0⅛	4.30
BNDE 5 89	75	95⅛	95½	0	−0⅛	5.64
Brazil 4⅜ 88	100	95⅛	95½	0	+0⅛	4.90
Caisse Nat. Tels. 4⅜ 89	100	102	102⅛	−0⅛	+0⅛	4.11
Canada 3⅝ 89	300	†98⅛	98½	+0½	0	4.09
Council of Eur. 4⅜ 90	100	101⅛	101⅜	+1	0	4.07
Denmark Mt. Bk. 4⅜ 91	80	100⅜	100⅝	−0⅛	−0⅛	4.69
EIB 4½ 91	100	101⅛	101⅜	+0⅛	0	4.33
EIB 4⅜ 94	100	98	98⅛	−0⅛	−0⅛	4.55
Elet. de France 4⅜ 89	100	101⅛	102	−0⅛	0	4.14
Heron 4⅛ 89	35	95⅞	96	−0½	−0½	4.80
ICI Fin. NV 3½ 94	230	90⅝	90⅞	−0½	+0⅛	4.37
Int.-Amer. Dev. 4½ 89	100	100⅛	100½	−0½	−0⅛	4.47
New Zealand 3½ 94	120	89⅛	89⅜	−0⅛	+0⅛	4.50
Nordic Bank 5 89	45	103⅛	103⅞	−0⅛	−0⅛	4.53
OKB 3⅝ 91	100	91⅜	92	0	+0⅛	4.69
Pfand Ost. Lande 4 90	80	94½	95	0	0	4.64
Philippines 4⅝ 89	50	87½	87⅞	−0⅛	+0⅛	5.07
Shikoku El. Pwr. 4⅜ 85	100	102½	102¾	−0⅛	0	4.42
Spain 4 91	100	94	94⅛	+0⅛	+0⅛	4.67
Steweag 4⅜ 91	60	104	104⅛	−0⅛	−0⅛	4.30
Voest-Alpine 4⅜ 89	80	103⅜	104	0	+0⅛	4.25
World Bank 4⅜ 89	100	103	103⅛	−0⅛	−0½	4.23

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93⅛	94⅛	−0⅛	−0½	7.33
Australia 6½ 88	20	90⅝	91⅛	0	−0⅛	8.71
EIB 7⅛ 89	12	98⅛	98⅝	0	−0⅛	7.97
Finland 5.6 83	10	92⅞	93⅞	0	+0⅛	7.57
Finland 6.8 88	10	90⅝	91⅛	−0⅛	−0⅛	8.39

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	†97	98½	+0⅛	0	9.81
Avco Fin. 10⅛ 86 C$	25	92⅛	93⅛	0	−0⅞	11.91
Cr. Foncier 10⅛ 84 C$	30	93⅝	94⅛	+0⅛	0	12.07
Ex. Dev. Cpn. 10 84 C$	50	95⅝	96⅛	+0⅛	−0⅛	11.16
Fst.-Can. Inv. 10 84 C$	50	93⅞	94⅛	0	−1⅛	11.67
Hudson Bay 10⅛ 89 C$	60	95⅞	96⅜	+0⅛	−0⅛	11.15
Quebec 10⅛ 86 C$	50	94⅛	94⅝	−0⅛	−0⅞	11.45
R. Bk. Canada 10 86 C$	40	96⅛	96⅝	+0½	−0⅛	10.99
R. Bk. Canada 10 94 C$	40	91½	92	+0⅛	−0⅛	11.15
Copenhagen 8⅛ 91 EUA	25	97	98	−0⅛	−0½	8.59
Komm. Inst. 7½ 93 EUA	15	85⅛	86	0	0	8.18
SDR France 8½ 94 EUA	24	98⅛	99⅛	0	+0⅛	8.68
SOFTE 8⅛ 89 EUA	40	94⅛	95½	0	−0⅛	9.09
Algemene Bk. 8⅛ 83 Fl	75	92⅝	93⅛	+0⅛	+0⅛	8.57
CFE Mexico 7⅛ 83 Fl	75	97½	98	+0⅛	+0⅛	8.44
EIB 7⅛ 85 Fl	75	92⅛	93⅛	−0⅛	−0⅛	8.79
Ned. Middbk. 8⅛ 84 Fl	75	98⅛	99⅛	0	−0⅞	8.50
New Zealand 8⅛ 84 Fl	75	92⅛	92⅝	0	−0⅛	8.75
Norway 8⅛ 84 Fl	100	96⅛	96⅞	0	−0⅛	8.81
Elf Aquitaine 9⅛ 88 FFr	150	88⅝	90⅛	+0⅛	0	11.57
Euratom 9⅛ 87 FFr	150	90⅝	91⅜	0	−0⅛	11.58
Norway 9⅛ 84 FFr	200	92⅝	93⅛	0	−0⅛	11.27
PSA Peugeot 9⅛ 87 FFr	175	89⅞	90⅞	−0⅛	−0⅛	11.76
Renault 9⅛ 85 FFr	100	92⅛	93⅛	0	−0⅛	11.64
Saint-Gobain 9¾ 86 FFr	130	90⅛	91⅛	−0⅛	−0⅛	11.83
Solvay et Cie 9⅛ 87 FFr	125	89⅞	90⅞	−0⅛	−0⅛	11.70
Total Oil 9⅛ 87 FFr	150	87⅝	88⅝	−0⅛	−0⅛	11.82
Citicorp 10 93 £	20	87⅜	88½	−1⅛	−1⅛	11.78
EIB 9⅜ 88 £	25	90⅛	90⅞	−0⅛	−0⅛	11.55
EIB 11⅛ 91 £	25	94⅜	95⅜	−0⅛	−1⅛	12.31
Finance for Ind. 13 81 £	15	101½	102⅛	−0⅛	−0⅛	12.65
Fin. for Ind. 12½ 89 £	30	99½	100	−0⅛	−1⅛	12.52
Gen. Elec. Co. 12½ 89 £	50	99½	100	−0⅛	−1½	12.51
Indonesia 8⅛ 91 KD	7	*†97⅛	97⅞	−0⅛	−0⅛	9.06
Mitsubishi 7½ 84 KD	10	*†95⅜	97⅛	−0⅛	−0⅛	8.26
Norges Kom. 7⅛ 89 KD	12	*†95⅜	96⅜	−0⅛	−0⅛	8.10
Occidental 8½ 91 KD	7	*†94⅛	95⅜	−0⅛	−0⅛	8.95
Euratom 8 87 LuxFr	500	96⅝	97⅜	−0⅛	−0⅛	8.57
Norges Kom. 8 86 LuxFr	500	95⅛	96⅛	−0⅛	−0⅛	8.78
Oslo, City of 8 89 LuxFr	500	97⅛	98⅛	−0⅛	+0⅛	8.34
Solvay Fin. 8 86 LuxFr	500	96⅛	97½	−0⅛	0	8.84

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5⅛ 89	0¼	98	98½	11/1	11	11.20
BNDE 6 89	0⅝	†96⅞	97⅜	21/9	11⅛	11.48
Banco di Roma Int. 6 87	0⅛	98⅛	99⅛	26/10	11.19	11.31
Bco. Nac. Argent. 7 86	0⅛	97⅛	98⅛	22/9	11½	11.72
Banco Prov. BA 7⅛ 86	0⅛	98⅛	98⅝	12/6	11	11.18
Banco Urquijo 6 86	0⅛	98	98½	21/9	11½	11.70
Bque. Indo Suez 5⅛ 89	0⅛	98½	98⅞	11/1	11	11.16
Banque Sudameris 6 87	0⅛	96⅞	97⅜	11/1	11⅛	11.45
BNP 5½ 91	0⅛	98½	99	22/2	11.94	12.09
Citicorp O/S Fin. 6 94	‡0⅛	99⅝	100⅛	8/9	10.69	10.67
Citicorp O/S 83	‡0	99⅝	100⅛	23/2	12.81	12.83
Creditanstalt 5⅛ 81	‡0⅛	99	99½	14/9	10⅞	10.96
GZB 5½ 89	‡0⅛	98⅛	98⅞	1/11	11.44	11.60
Jugobanka 8 89	0⅛	95⅛	95⅞	23/11	11⅞	12.43
LTCB Japan 5½ 89	0⅛	98⅛	98⅞	7/12	11⅛	11.28
Mfrs. Han. O/S 5⅛ 94	‡0⅛	99⅝	100⅛	23/11	12.56	12.58
Nacional Fin. 6⅛ 86	0⅛	97⅞	98⅛	25/1	11⅛	11.72
Nat. West. 5⅛ 94	0⅛	98⅜	98⅞	11/10	11	11.15
Nippon Credit Bk. 5½ 85	0⅛	98½	99	22/12	10.94	11.08
Nippon Credit Bk. 5½ 86	0⅛	97⅞	98⅜	12/1	10⅞	11.11
Petro Mexicano 7 84	0⅛	99	99½	24/1	11.44	11.52
Privredna Banka 8 86	0⅞	95⅛	96	20/12	11.58	12.11
Royal Bank Scot. 5⅛ 94	‡0⅛	98⅞	99⅜	11/10	11	11.13
Sogenal 5⅛ 89	0⅛	97⅛	98⅛	11/1	10.94	11.17
Texas Int. Airways 7 86	‡0⅛	96⅝	97	11/10	11.56	11.95
Trade Dv. Fin. Srv. 6 86	0⅛	97⅛	97⅝	21/2	—	—
TVO Pwr. 8 91 (D-lock)	0⅛	97⅞	98⅜	24/11	11⅞	11.35
Utd. Overseas Bk. 6 89	‡0⅛	97⅞	98⅜	29/9	11.14	11.35
Bq. E. d'Alg. 4⅛ 89 SF	0⅛	96½	96⅞	18/12	4⅛	4.40

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7⅜ 89	10/79	146	92⅛	93⅛	−0½	6.14
Canon 6⅛ 94	8/79	570	101	101½	−0⅛	−1.48
Ciba-Geigy O/S F. 4 94	9/79	675	†95	95½	−1½	1.41
Credit Suisse 4⅜ 93	10/79	1325	106⅞	107⅞	−1½	1.88
Esselte 7⅛ 89	9/79	159	96⅛	97⅛	−0⅛	0.99
Honda Motor 5½ 89	5/79	532	101⅛	101⅝	+0⅛	1.02
LPC International 8 89	9/79	35	†103⅛	104⅛	+1⅛	14.18
Nitto Elec. Ind. 6 94	7/79	735	89½	90⅛	−0⅛	−1.32
Union Bank Switz. 5 89	2/80	125	108⅛	109⅛	−0⅛	8.75
Fujitsu 5 84 DM	7/79	475	100⅛	101½	−0⅛	19.65
Kansai Elec. 4 84 DM	4/79	1350	88½	89⅛	−0⅛	63.90
Marudai Food 3½ DM	2/79	1033	81⅛	82⅛	+0⅛	47.35
Nippon Ysn. 3½ 86 DM	1/79	251	100⅞	101⅜	+0⅛	−1.78
Sharp Cpn. 3½ 89 DM	2/79	487	97	97⅛	−1⅛	5.94
Tokyo Elec. 3½ 87 DM	4/79	476	99⅛	99⅝	+0⅛	51.79
Tokyu Ld. Cp. 4 86 DM	4/79	493	83⅛	84⅛	+0⅛	34.60
Uny Co. 6½ 85 DM	11/78	1071	101⅞	102½	−0⅛	9.39

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

*Floating Rate Notes: Denominated in dollars unless other*wise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above *six-month offered rate (‡ three-month) for U.S. dollars.* C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless other*wise indicated.* Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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ALFA ROMEO SURVIVAL PLAN

Joint ventures key to profitability

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALFA ROMEO, the state-owned Italian car group, yesterday unveiled a survival programme which it was claimed would return the group to profitability in four years time.

The plan involves co-operation on a number of fronts with other car groups. But president Ettore Massacesi did not name any potential partners and pointed out negotiations would be complicated and protracted.

Another essential element in the programme will be a big increase in productvity at the group's troubled Alfasud plant in southern Italy. New proposals are to be put to the unions by the end of this year.

Sig. Massacesi made these points at the Frankfurt International Motor Show at a Press conference hastily convened to answer growing rumours in Italy that Alfa Romeo was to be sold off by its parent, IRI, the Italian state holding company, or at least to restrict its product range to high performance cars. These rumours he refuted.

He revealed that Alfa had made a thorough strategic investigation of its future potential with the help of international consultancy groups.

The management had decided that survival was possible if Alfa retained its present business and co-operated with other manufacturers in individual marketing, design, engineering and production ventures.

Mr. Massacesi admitted that Alfa's poor financial performance did not help in its search for joint ventures. But two of its plants, those making aero products and speaker components, were already profitable and the Alfa car plant in the north of Italy would break even next year.

It would take time to turn round the Alfasud plant but break-even should be reached in 1984.

Alfa Romeo will produce about 225,000 cars this year, similar to 1978, in spite of the impact on output of the metal workers dispute in Italy which lasted eight months. Next year production should reach 250,000 and by 1984 some 260,000 to 300,000 of models in the current range. "Possibly others might be added," commented Sig. Massacesi.

The group's debt burden had been reduced from $975m to $725m in the year to the end of 1978 and to $530m halfway through 1979.

This was achieved partly through a $18m injection from IRI and partly because, ironically, the low output early this year enabled stocks of finished cars to be cut to a low level.

Turnover in 1978 was over $1.65bn ($1.25bn in 1978) and was $975m in the first half of 1979, 22 per cent above the same period last year.

Sig. Massacesi said Alfa had not yet fully emerged from the management crisis of 1974-77. But "like many other companies in the industry ours is engaged in a serious effort to place itself on a sound footing and this effort should bear fruit in the next four years," he said. "Alfa's financial situation and output should stabilise by the end of this period."

Olivetti wins $60m contract

BY OUR FINANCIAL STAFF

OLIVETTI, the Italian office equipment group, will shortly sign a contract worth $60m to supply data distribution terminals to the Danish Savings Bank, Mr. Carlo de Benedetti, the group's vice chairman and chief executive, said yesterday.

The deal is part of a number of steps taken recently by management to solve the troubled company's problems.

"We have a classic situation of turnaround," Mr. de Benedetti said. "In the first seven months the group has earned a profit equal to our loss in the same period last year." He added that if results continue to reflect the same trend Olivetti may pay dividends again this year.

Mr. de Benedetti declined to put a figure on the profit he expects but said that group turnover was forecast to climb 21 per cent to L1.88 trillion (million million) ($2.3bn) for the year. In the first eight months of 1979 turnover was 23.7 per cent ahead at L1.07 trillion.

The Danish Savings Bank deal is possibly the first in a number of similar sales, according to Mr. de Benedetti. The company is currently holding talks aimed at exporting similar systems to Norway and Finland.

Among other corporate developments outlined yesterday was the likely agreement, before the end of this year, with a major foreign manufacturer of mainframe computers to sell the other company's products in Italy.

That is the goal of the previously announced negotiations with Amdahl Corporation of Sunnyvale, California but Mr. de Benedetti said Olivetti is holding talks with other companies as well.

He said Olivetti "must begin" to market large mainframe computers in Italy because of active government encouragement and the current trend toward sales of complete systems rather than individual components.

The group is also negotiating with two foreign bank consortiums led by Hambros Bank of London and Societe Europenne de Banque of Luxembourg to lower the interest rates on two previously granted loans. The talks follow the recent successful completion of a similar operation with a group led by Commerzbank AG of Frankfurt, West Germany.

Olivetti expects to reduce its overall indebtedness to L900bn at the end of 1979 from L935.8bn a year earlier. Despite the recent sourge of interest rates, debt carrying costs will fall as a percentage of turnover to 8.5 per cent from 9.7 per cent.

New orders in the first eight months grew 18.3 per cent from the like period of 1978 to L1.136 trillion. The increase was 5 per cent higher than the original forecast for the period. Growth of new orders for the entire year "will surpass" the original provision of 17.3 per cent but by "less than five point," Mr. de Benedetti said.

Capital spending in 1980 is planned to rise 15 per cent from this year to L50.6bn.

Loan backs purchase into Banca Catalana

By David Gardner in Madrid

THE CAJA de Pensiones para la Vejez y de Ahorros de Catalunya y Baleares (Caixa), which earlier this week confirmed that it would be taking a 7 per cent holding in Banca Catalana, is to supplement its purchase with a credit worth Pta 1bn ($15.1m) to the Catalana banking group.

The Caixa, Spain's largest savings bank, is already due to pay Pta 1bn for its 7 per cent stake in Catalana, which is the lynch-pin of Catalonia's most important commercial banking group.

The credit is to be granted against the value of the new headquarters of the group under construction in Barcelona. Along with the value of the share purchase, it will add immediate liquidity to the Catalana group, and particularly to the two industrial banks in it. Like other industrial banks in the present recession, the Catalana group's Banco Industrial de Catalunya and the recently acquired Banco Industrial del Mediterraneo face constant difficulties in servicing their substantial equity portfolios in hard-pressed industries.

The new Catalan Alliance is set to become a formidable force in Spanish banking, marshalling combined assets of approximately $10bn. In addition, the Caixa has already laid the groundwork for a more assertive national presence, following its recent Pta 3bn purchase from the Banco de Madrid of premises in central Madrid. The Caixa and Catalana are also expected to renew discussions on joint branch operations abroad.

Rights issue by Elkem over-subscribed

By Fay Gjester in Oslo

A TWO-FOR-FIVE rights issue by Elkem Spigerverket, of Norway, has been over-subscribed by both shareholders and employees. The metal, mining, manufacturing and engineering group, had reserved 38,700 shares, out of a new issue totalling 2.2m, for its approximately 9,000 employees.

They were invited to apply for a maximum of 30 shares each. More than 2,600 of them subscribed for a total of 48,119 shares, priced at NKr 40 ($8) each, with part value of NKr 50. The extent of over-subscription by shareholders is not yet known.

The issue raises Elkem's share capital by NKr 110m to NKr 386m. Subscriptions were opened during the second half of August, and the new shares are entitled to half dividend for 1979.

The group recently announced sharply increased profits in first half 1979, mainly reflecting good demand and high prices for aluminium and ferro silicon, two of its most important products.

Marine-Wendel makes loss and omits dividend

BY OUR FINANCIAL STAFF

MARINE-WENDEL, the French industrial group that has been undergoing a significant reorganisation as part of a much larger restructuring of French steelmaking, has reported a net loss of FFr 58m ($13.7m) for the 18 months to June 30. No dividend has been declared.

The company has an exceptional accounting period because of the Government's steel restructuring plan announced last year, under which Marine-Wendel's 48 per cent stake in Sacilor SA was reduced to 23 per cent.

The net loss was after taking into account losses resulting from the abandonment of FFr 229m of advances made to Sacilor and of half the interest on a FFr 125m loan to Sacilor made in 1977.

These losses totalling FFr 238m are increased by a FFr 45 provision for depreciation of portfolio, of which FFr 40 is for Sacilor.

These losses were artly compensated by gains from the sale of 38 per cent of Forges et Acieries de Dilling to Ste Financiere Siderurgique, a holding company set up under the Government steel plan.

The gain of FFr 197m was alsto taken into account in calculating the net loss figure.

In return for the Dilling shares, Marine-Wendel received 33 per cent of Ste Financiere Sidurgique shares.

Marine-Wendel said the FFr 125m loan to Sacilor has been transformed into two loans of FFr 62.5m each.

Operations conetced with the restructure are now complete and also included the repayment by Marine-Wendel of a FFr 125m loan granted by a state fund.

Swiss capital market issues approval

By John Wicks in Zurich

The Swiss Issues Control Commission has approved without cuts the capital-market issue programme for the fourth quarter of this year. At SwFr 1.46bn ($900m), the new-money total is higher by some SwFr 40m ($24.5m) than that for the corresponding period of 1978, while the combined value of so-called conversions (refinancing issues) is up by SwFr 30m ($18.4m) to SwFr 1.12bn ($689.5m).

* * *

CONSOLIDATED TURNOVER of the Swiss industrial concern Metallwaren-Holding AG, Zug, rose by 7.7 per cent to SwFr 123m ($74.2m) in the business year 1978/79 and passed targets set for the year. A share of SwFr 100.7m alone was accounted for by the Swiss manufacturer of household appliances and other metal goods Verzinkerei Zug AG, the remainder being made up of sales by the Swiss plastics processor Wez Kunststoffwerk AG, of Oberentfelden, and the French metal goods company SMS Societe Metallurgique de Saint-Louis.

Losses mount at Fincantieri

By Paul Betts in Rome

FINCANTIERI, the Italian State controlled shipbuilding group, reported a loss of L50.7bn ($623m) last year, or more than L17bn compared to the previous year's losses.

The losses are largely the result of the acute recession in the domestic and international shipbuilding industry, according to Sig. Rocco Basilico, the Fincantieri chairman.

The Italian shipbuilding group is to write down its capital from L150bn to L60bn to cover its current losses.

Philips subsidiary ahead

HAMBURG — Allgemeine Deutsche Philips Industrie GmbH, a fully-owned subsidiary of Philips in the Netherlands, posted profits of DM 37m ($24.5m) in the year ending May 30, 1979, down 9.7 per cent from the previous year.

Sales remained steady, rising marginally to DM 4.21bn in the 1978-79 year from DM 4.20bn the year earlier. The management said that Deutsche Philips expects profits to rise in the current fiscal year although returns in certain sectors will be depressed. Sales in the first few months have been depressed by weakening demand and fierce competition in the consumer goods sector.

Due to higher energy costs and recently raised value-added taxes, the Philips unit does not foresee a pickup in demand in the near future.

Deutsche Philips said that the profit drop for the 1978-79 year was partly attributable to a 2 per-cent price drop, on average, effected during the year. The same price drop, however, allowed the company to hold and even improve market position in some areas, particularly in consumer goods and building components.

Investments totalled DM 169m in the 1978-79 year, up 9.7 per cent from the year earlier. The investments were geared primarily to product innovation, continued expansion of current production facilities and to rationalisation, according to the company.

AP-DJ

Japanese exchanges curb machine tool share deals

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THE RUNAWAY success of the Japanese machine tool industry, particularly that part of it which produces numerically controlled lathes and milling machines, has produced a speculative fever on the Tokyo, Nagoya and Osaka stock exchanges. The authorities yesterday moved to curb demand for one of the most popular shares concerned, Okuma Machinery Works.

The three exchanges said they were raising the margin requirements for purchasers of Okuma a medium sized company in Nagoya specialising in numerically controlled lathes, from the standard level of 50 per cent to 70 per cent. That means that buyers of Okuma shares must now deposit 70 per cent of the value of their purchases when they place their orders, and their 20 per cent of the total must be deposited in cash while the remaining 50 per cent may be deposited in the form of securities.

Okuma is one of four or five Japanese companies which pioneered the production of computer controlled lathes after the 1973 oil crisis and are now reaping the benefits. In common with some other machine tool-makers the company registered losses for several years from 1975 onwards as demand for traditional machine tools slumped in Japan during the recession after the oil crisis. It made a profit, however, in its March 1979 business term and has since been reporting spectacular increases in its order book.

Orders for machine tools, which make up 80 per cent of Okuma's total sales, rose in April by 55 per cent from last year's levels, and then increased by 69 per cent, 79 per cent and 95 per cent, respectively, in the following three months. Exports account for about 40 per cent of Okuma's turnover and the U.S. is the biggest overseas market.

Exports were barely profitable for Okuma and other lathe manufacturers early this year when the yen-dollar exchange rate was about Y200 to the dollar. The recent weakening of the yen has, however, greatly increased the attractiveness of overseas sales. The rising volume of exports has simultaneously reduced the break-even level for exports, so that Okuma could probably continue to sell profitably in the U.S., even if the yen-dollar exchange rate moved back to about Y200 to the dollar.

Okuma's main competitors in the numerically controlled lathe business are Ikegai Iron Works of Tokyo, Mori Seiki, Takizawa and Yamazaki. Of those four companies, only Ikegai, the shares of which have also enjoyed a healthy rise, is at present listed on any Japanese stock exchange, although Mori Seiki has plans for an Osaka listing.

Okuma's special strength in relation to its Japanese competitors lies in its producing its own numerically controlled parts and that it has standardised its machines so as to be able to produce in advance of orders. Delivery dates on Japanese numerically controlled lathes are understood to average six to eight months, whereas U.S. manufacturers have order backlogs of up to one year.

Okuma's share price hit a low point of Y130 at one point in 1978, when the company was still trying to overcome the after-effects of the 1975 recession. It recovered to Y389 in April and was trading yesterday at Y699.

Four steel groups in Japan to pay interim

TOKYO — Four major Japanese steel companies said that they will pay interim dividends for the half-year ending this month. This follows the announcement by Nippon Steel Corporation last week that it will pay an interim dividend for the first time in three years.

The four companies Kawasaki Steel corporation, Sumitomo Metal Industries, Nippon Kokan Kaisha and Kobe Steel have also not paid interim dividends for two years.

The resumption of interim dividend payments reflects a sharp improvement in business performances following a domestic economic recovery, they said.

The companies said their interim dividend rates will be fixed by November.
Reuter

Banks to repay loan

TOKYO—Japanese banks will repay a $1bn five-year loan which was received from Saudi Arabia in 1974 to cover a foreign exchange shortage, it is understood.

Half the loan, in the form of deposits from the Saudi Arabian Monetary Authority (SAMA), it is said, will be repaid this month, and the rest in October.

In mid-1974, after the collapse of West Germany's Bankhaus Herstatt, Japanese banks had difficulty in rolling over short-term Eurodollar borrowings
Reuter

Mystery buyer in BH South

BY JAMES FORTH IN SYDNEY

ONCE AGAIN a mystery sharemarket buyer has emerged in the middle of a major takeover contest—this time the A$139m (U.S.$157m) bid by the life office, National Mutual Life for the mining group, BH South. While executives of NML and their advisers were closeted yesterday in a day-long meeting, the Sydney sharebroking firm, Ord Minett stepped into the market and pushed the price of the South shares, well above the NML A$2.50 a share offer price.

The South directors have already recommended rejection of this offer, which they describe as "grossly unrealistic." The board has claimed that one asset alone—a 13 per cent stake in the aluminium group, Alcoa of Australia, was worth A$2.26 a South share. Trading on the market floor was relatively subdued yesterday, with only 450,000 shares changing hands in Sydney and Melbourne, with the price rising another 13 cents to A$2.85. The shares have sold above NML's offer price since it announced its intention to make a bid.

Ord was active in the market yesterday, but also booked special sales after the close, totalling about 400,000 shares, reportedly at A$3.00 a share.

Moreover, several of the remaining large South shareholders, accounting for 6 to 7 per cent of the capital, were approached and offered A$3.00 a share. The move has raised speculation that Ord has a large buying order for another interested party. It is reminiscent of the recent Ansett-Ampol-Brambles-Pioneer Concrete takeover contest.

Ampol started anonymous purchases of Ansett before disclosing its actions. Ansett responded with the same tactics, and bought Ampol shares. Both companies ended up with 20 per cent of the other. A buying contest then developed in Ampol between two unidentified parties, later revealed as Pioneer Concrete and Brambles, which currently both hold slightly more than 11 per cent of Ampol and are still steadily buying, aiming for 20 per cent, in order to account the investment on an equity basis.

The situation could become clearer today, since NML executives expect to meet South directors. The South is also due today to release its profit figures for the year to June 30, and has promised a further statement relating to its affairs.

NML already holds 31 per cent of the South, purchased before the launching of its offer. It bought a 16 per cent stake from a South associate, North Broken Hill, which now has cash funds of at least A$33m, which has prompted the market to expect some expansionary move by North.

FOREIGN BANKS IN JAPAN

The profits squeeze bites

BY RICHARD C. HANSON IN TOKYO

FOREIGN BANKS operating branches in Japan generally showed drops in pre-tax yen earnings during the April-June quarter from the year earlier levels, with a large number reporting declines ranging from 42 per cent to 140 per cent, according to a survey by IBI Inc, the economic research organisation.

Despite a pick-up in the so-called impact loans in both yen and foreign currency, after declines during most of 1978, the majority of foreign banks were hit by higher costs for swapping foreign currencies into yen and by increasingly narrow margins on both yen and dollar loans. The private survey is conducted quarterly by IBI. The latest survey covered 36, or more than half, of the foreign banks in Japan.

The 36 reported that assets in the June quarter rose by 24.9 per cent, compared with a 15.9 per cent increase in the previous period to March. Commercial and Industrial loans by the banks rose 9.6 per cent from the year earlier level, or by about Y250bn ($1.1bn) to account for 29 per cent of the growth in assets, which was slightly better than the 9.5 per cent rate of loans increase for all banks in Japan. In the March quarter, loans by the 36 banks had dropped by 0.1 per cent (while the foreign banks as a whole suffered a 1.4 per cent decline).

Foreign currency lending rose for the first time in several months, and is now estimated to total an outstanding amount of about $5.5bn for all foreign banks, despite substantial run-offs. In June alone a record monthly $240m in impact loans was made to a wide range of customers.

The most aggressive lenders during the quarter were the West German, French, UK and Swiss banks. On the profit side, the Europeans did only slightly less worse than the American banks.

Of 32 banks providing profit information, 25 had declines, 22 of which recorded drops of 42 per cent to 140 per cent (the highest an American bank). Only two U.S. banks reported an increase, with 19 showing a fall, compared with six decliners and five gainers among the Europeans. It is believed that some of the banks, particularly the Americans suffering the sharpest drops, are operating in the red. The banks expect further declines this quarter, but conditions should be somewhat better.

Foreign banks operating in Japan have been hit by higher costs for swapping foreign currencies into yen and by narrower margins

The foreigners are facing an increasingly competitive environment in Tokyo, along with higher costs. The average three-month rates for swapping foreign funds into yen, to fund operations, rose from 2.81 per cent a year ago to 5.81 per cent this past quarter.

The margins on dollar loans have shrunk to the point where by April, 1979, 85 per cent were coming in at 0.5 per cent, or less, compared with the 0.625 per cent booked on 90.5 per cent as loans at April last year. Significantly, these loans in many cases are replacing loans made in past years at spreads of over 1 per cent over Libor. Bankers indicated that they did not expect to see much improvement in the near future.

The increases in borrowing by Japanese companies should be a heartening sign for the foreigners, but some of the banks are not happy with the type of borrowers they are attracting. These include a lot of consumer finance and real estate companies. About 70 per cent of the increase in lending was referred by Japanese banks, sometimes in return for dollar deposits. The market is still fairly liquid, but some Japanese banks may be approaching their own lending ceilings, imposed by the Bank of Japan to hold down demand.

These newcomers to the foreign banks are not likely to remain as permanent customers. In addition, Japanese corporate treasurers are becoming more selective and are unwilling to accept high margins from foreign banks when they can do better at Japanese banks. Even if there is another credit squeeze, it is unlikely that Japanese companies will be as anxious to borrow as they were four or five years ago.

Foreign bankers are also complaining that strict Bank of Japan controls exerted on the bills discount market on which they depend by the Bank of Japan is driving up their lending costs at a much faster pace than that faced by the Japanese Banks, which have deposit bases with interest fixed at relatively low levels. The Bank of Japan, in driving up the two-month bill rate to fight inflationary pressures, has raised the cost for borrowing from a foreign bank about 2 percentage points above the Japanese prime lending rate of 5.5 per cent. Freedom for banks to issue certificates of deposit has helped, but these are still of limited importance.

The IBI survey draws the conclusion that banks are being forced to alter the nature of their banking operations in Japan, now that swap profits are low and yen and dollar margins narrow. Some of the banks may be willing to give up market shares in Japan to attain more profitability by switching lending to customers paying a premium for funds—such as those in consumer finance, leasing and real estate. More reciprocal deals with Japanese banks are also in prospect.

Kerry Packer weathers cricket

BY OUR SYDNEY CORRESPONDENT

CONSOLIDATED PRESS Holdings, the hub of Mr. Kerry Packer's publishing, television, leisure and investment group, appears to have taken the World Series Cricket venture in its stride. Earnings of the group rose by 34 per cent in the 53 weeks to June 30, from A$10.09m to A$13.54m (US$15.1m).

The growth of the holding company outpaced that of the Publishing and Broadcasting, which showed a profits rise of 29 per cent for the same period, from A$10.7m. to A$13.8m. Publishing and Broadcasting operates the group's television interests, and also owns Australian Consolidated Press, which publishes the group's magazines and newspapers and runs ski resorts in New South Wales.

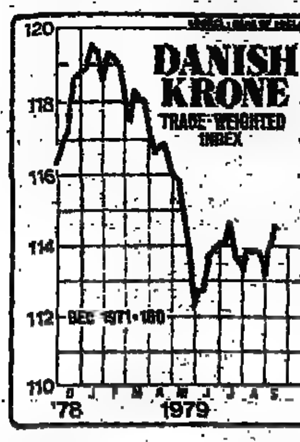
ACP's result dipped 1.3 per cent, from A$5.24m to A$5.17m, reflecting the establishment costs for two magazines launched during the year, Australian Playboy and a women's publication, You and Yours. CPH has previously declared an unchanged dividend of 20 cents a share, covered by earnings of 62 cents a share compared with 45 cents in the previous year. Publishing and Broadcasting has held its dividend at 10 cents a share.

The effect which the World Series Cricket had on the group result was not mentioned by the directors. But it has been reported that after the first six months of the year WSC was reducing its losses and was close to break-even. The deputy chairman of CPH, Mr. Harry Chester said that the group was satisfied with the new WSC arrangements, under which the WSC and the Australian Cricket Board players will play together for the first time in two years, with the company holding the television rights.

CURRENCIES, MONEY and GOLD

Support for dollar and pound

STERLING and the dollar remained under pressure in the foreign exchange market yesterday, although intervention by European central banks and the U.S. Federal Reserve pushed the dollar up to its best level of the day near the London close. On Bank of England figures, the dollar's index rose to 84.9 from 84.6, as the U.S. currency improved to DM1.8155 from DM1.8090 against the D-mark, and to SwFr1.6350 from SwFr1.6290 in terms of the Swiss franc.



Switching into D-mark's ahead of the week-end, on speculation about a possible realignment of European Monetary System currencies, put further pressure on the pound. The Bank of England was seen to intervene more heavily than at any time in the recent past, as the pound fell to a low point of $2.2020-2.2030 in the afternoon.

This weakest level for sterling occurred at the same time as the U.S. authorities were aggressively pushing up the dollar. The pound opened at $2.2130-2.2140, and rose to $2.2210-2.2220 in the morning, before falling to $2.2250-2.2160 at midday.

Apart from the switching into D-marks, sterling also looks increasingly vulnerable as London's interest rate differential is eroded in Europe and New York, while Britain's economic performance weakens and fears grow about industrial unrest. Against this background the pound fell to $2.2025-2.2035 at the close, a fall of 1.95 cents on the day. Its trade weighted index, as calculated by the Bank of England, fell to 70.3 from 70.6, after standing at 70.5 at noon, and 70.4 in the morning.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8107 against the Deutsche Mark, compared with DM 1.8116 previously. There was also no evidence of support for the U.S. currency before the fixing, although the dollar remained under pressure as speculation continued about a possible revaluation of the Deutsche Mark within the European Monetary System.

PARIS—The dollar rose to FFr 4.23025 against the French franc at the fixing, from FFr 4.2295 on Wednesday. The Deutsche Mark remained strong, improving to FFr 2.3364 from FFr 2.3345, continuing the recent trend, with the German currency gaining ground on speculation about a possible realignment of the EMS. Sterling was again weak, declining to FFr 9.3710 from FFr 9.4175 at the fixing.

TOKYO—The dollar showed little change, closing at Y223.12½ against the yen.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4103	+2.41	+1.42	±1.53
Danish Krone	7.08592	7.26760	+2.56	+1.57	±1.635
German D-Mark	2.51064	2.51979	+0.32	−0.66	±1.1325
French Franc	5.79831	5.88658	+1.51	+0.52	±1.35
Dutch Guilder	2.72077	2.76710	+1.70	+0.71	±1.5075
Irish Punt	0.662638	0.669101	+0.98	−0.01	±1.665
Italian Lira	1148.15	1131.80	−1.47	−1.42	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Sept. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U S	2.2020-2.2220	2.2025-2.2035	0.45-0.35c pm	2.17	1.00-0.90 pm	1.72
Canada	2.5605-2.5805	2.5615-2.5625	0.70-0.60c pm	3.09	1.70-1.60 pm	2.58
Nethlnd	4.38½-4.42½	4.39-4.40	2½-1½c pm	4.44	5½-4½ pm	4.55
Belgium	64.00-64.60	64.00-64.10	15-5c pm	1.87	38-28 pm	2.06
Denmark	11.51-11.60	11.51¼-11.52¼	10-13ore dis	−11.98	18-21 dis	−6.77
Ireland	1.0595-1.0700	1.0610-1.0620	16-26p dis	−2.38	70-80 dis	−2.83
W. Ger.	3.99-4.03	3.99½-4.00½	3-2pf pm	7.49	7½-6½ pm	6.70
Portugal	108.20-109.50	108.30-108.50	30-50c dis	−6.42	130-230 dis	−6.64
Spain	145.40-146.70	145.45-145.55	100-150c dis	−10.31	335-435dis	−10.58
Italy	1,793-1,804	1,793½-1,794½	2½-½ lire pm	1.00	½-2¼ dis	−2.79
Norway	11.01½-11.11	11.02-11.03	2¼-¼ore pm	1.36	5-3 pm	1.44
France	9.32-9.40	9.32½-9.33½	2-1c pm	1.93	4-3 pm	1.50
Sweden	9.26-9.35	9.26½-9.27½	2¾-¼ore pm	2.26	4½-2½ pm	1.40
Japan	490-498	492½-493½	3.25-2.90y pm	7.49	8.90-8.55 pm	7.08
Austria	28.70-28.95	28.73-28.78	20-10gro pm	6.26	50-40 pm	6.26
Switz.	3.59½-3.63½	3.60-3.61	4½-3½c pm	12.48	11¼-10¼ pm	11.93

Belgian rate is for convertible francs. Financial franc 66.65-66.75c pm. Six-month forward dollar 1.80-1.70c pm, 12-month 3.35-3.25c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2020-2.2220	2.2025-2.2035	0.45-0.35c pm	2.18	1.00-0.90 pm	1.73
Ireland†	2.0730-2.0815	2.0740-2.0790	1-0.80c pm	5.20	2.45-2.15 pm	4.43
Canada	1.1610-1.1640	1.1632-1.1635	0.01c pm-0.01 dis	—	0.25-0.21 pm	0.79
Nethlnd	1.9850-1.9900	1.9875-1.9895	0.52-0.42c pm	2.84	1.50-1.40 pm	2.92
Belgium	29.00-29.10	29.06-29.08	0.5c pm-1 dis	−0.10	4.5-2.5 pm	0.48
Denmark	5.2180-5.2305	5.2275-5.2300	5.75-6.25ore dis	−13.77	10.7-11.2dis	−8.41
W. Ger.	1.8080-1.8130	1.8115-1.8125	0.79-0.69pf pm	4.90	2.46-2.36 pm	5.32
Portugal	49.15-49.35	49.25-49.30	24-34c dis	−7.06	70-110 dis	−7.30
Spain	66.05-66.15	66.07-66.10	50-70c dis	−10.89	175-200dis	−11.35
Italy	812.40-814.00	813.70-814.00	0.50-0.80 lire dis	−0.09	3.60-4.10dis	−1.89
Norway	4.9940-5.0005	4.9945-4.9955	0.30-0.20ore pm	0.60	0.50 pm-par	0.20
France	4.2250-4.2330	4.2310-4.2325	0.02c pm-0.08dis	−0.85	0.15-0.25dis	−0.19
Sweden	4.2050-4.2070	4.2057-4.2067	0.40-0.20ore pm	0.85	0.20 pm-par	0.95
Japan	222.40-223.60	223.35-223.55	1.05-0.90y pm	5.24	3.05-2.90 pm	5.32
Austria	13.022-13.05½	13.046-13.051	5.40-4.90gro pm	4.74	15.50-14 pm	4.52
Switz.	1.6300-1.6350	1.6330-1.6340	1.40-1.35c pm	10.10	4.30-4.25 pm	10.47

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.585459	0.625060
U.S. $	10½	1.30261	1.39170
Canadian $	12¼	1.51363	1.61576
Austria Sch	3¾	16.0091	18.1825
Belgian F	9	37.8734	40.4653
Danish K	9	6.81138	7.27648
D Mark	5	2.35981	2.52120
Guilder	6	2.59285	2.76975
French Fr.	9½	5.50939	5.88548
Lira	10½	1059.35	1131.80
Yen	5¼	289.440	309.155
Nrwgn. K	7	6.51305	6.95848
Spanish Pes.	8	86.0152	91.8216
Swedish Kr.	7	5.47552	5.85278
Swiss Fr.	1	2.12846	2.27405

CURRENCY MOVEMENTS

Sept. 13	Bank of England Index	Morgan Guaranty changes %
Sterling	70.3	−35.3
U.S. dollar	84.9	−8.6
Canadian dollar	81.1	−16.6
Austrian schilling	152.0	+22.1
Belgian franc	114.5	+13.9
Danish kroner	114.5	+3.1
Deutsche mark	153.0	+42.9
Swiss franc	200.1	+82.7
Guilder	124.8	+19.0
French franc	99.4	−7.2
Lira	55.6	−48.6
Yen	137.6	+26.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 13	£	$		£ Note Rates
Argentina Peso	3180-3200	1442-1451	Austria	28½-29½
Australia Dollar	1.9575-1.9675	0.8860-0.8885	Belgium	66½-67½
Brazil Cruzeiro	63.91-64.91	29.00-29.45	Denmark	11.50-11.60
Finland Markka	8.465-8.485	3.8400-3.8490	France	9.30-9.39
Greek Drachma	80.938-82.878	36.55-36.65	Germany	3.95-4.05
Hong Kong Dollar	11.213-11.233	5.0755-5.0755	Italy	1,800-1,860
Iran Rial	154.81-162.54	70-73½	Japan	490-500
Kuwait Dinar (KD)	0.606-0.616	0.2752-0.2765	Netherlands	4.35-4.45
Luxembourg Frc.	64.00-64.10	29.06-29.08	Norway	11.00-11.15
Malaysia Dollar	4.7670-4.7770	2.1565-2.1565	Portugal	108-114
New Zealand Dlr.	2.1950-2.2050	0.9935-0.9955	Spain	145-148
Saudi Arab. Riyal	7.39-7.49	3.3585-3.3615	Switzerland	3.55-3.65
Singapore Dollar	4.7590-4.7690	2.1515-2.1525	United States	2.21-2.22½
Sth. African Rand	1.84-1.85	0.8346-0.8392	Yugoslavia	46-48

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.203	4.003	492.8	9.330	3.606	4.395	1794.	2.562	64.05
U.S. Dollar	0.454	1.	1.817	223.7	4.235	1.636	1.995	814.3	1.163	29.07
Deutschemark	0.250	0.550	1.	123.1	2.331	0.901	1.098	448.2	0.640	16.00
Japanese Yen 1,000	2.029	4.471	8.125	1000.	18.93	7.316	8.919	3641	5.199	130.0
French Franc 10	1.072	2.361	4.290	528.1	10.	3.864	4.711	1923.	2.746	68.65
Swiss Franc	0.277	0.611	1.110	136.7	2.588	1.	1.219	497.6	0.711	17.77
Dutch Guilder	0.228	0.501	0.911	112.1	2.123	0.820	1.	408.2	0.583	14.57
Italian Lira 1,000	0.557	1.228	2.231	274.7	5.201	2.009	2.450	1000.	1.428	35.70
Canadian Dollar	0.390	0.860	1.563	192.3	3.642	1.407	1.715	700.2	1.	25.00
Belgian Franc 100	1.561	3.440	6.249	769.3	14.57	5.628	6.862	2801.	4.000	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.05-12.15 per cent; three months 12.45-12.55 per cent; six months 12.45-12.55 per cent; one year 11.95-12.05 per cent.

Sept. 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14-14½	11⅞-11⅝	10½-11½	9½-9½	½-⅝	6¼-6⅞	10¾-11	9-11	—	4⅞-5⅛
7 days' notice	14-14½	11⅝-11⅞	10½-11½	9½-9¾	¾-1⅛	6⅝-6⅞	11-11½	11-13	11⅞-11⅞	5⅛-5⅜
Month	14⅛-14½	12⅛-12⅜	11⅛-11⅜	9¾-9⅞	1⅛-1⅜	6⅞-7	12¼-12½	12¾-13¾	12⅛-12⅜	6⅞-7
Three months	14⅛-14½	12⅜-12⅝	11¾-12⅛	9½-9⅝	2⅛-2⅜	7⅛-7¼	12⅞-13⅛	14-15	12⅝-12⅞	7-7⅛
Six months	14⅛-14½	12⅜-12⅝	11⅞-12⅛	9⅝-9⅝	2⅜-2⅝	7⅛-7⅜	13⅛-13⅜	14½-15½	12⅜-12⅝	6⅞-7⅛
One year	14⅛-14½	12⅛-12⅜	11⅛-11⅜	9⅝-9⅝	2⅞-3	7½-7⅝	13⅛-13⅜	15-16	12⅛-12⅜	6⅞-7

Long-term Eurodollar: two years 11¾-11⅞ per cent; three years 11⅝-11⅞ per cent; four years 11-11¼ per cent; five years 10⅝-11 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

US rates firmer

Interest rates on Treasury bills tended to rise yesterday in relatively quiet but nervous trading. Thirteen-week bills were quoted at 10.51 per cent up from 10.45 per cent with 26-week bills at 10.30 per cent against 10.26 per cent. The one-year bill rose to 9.94 per cent compared with Wednesday's record average auction yield of 9.893 per cent.

Trading was affected by the possibility of a further tightening of credit policy after next Tuesday's Federal open market committee meeting.

AMSTERDAM — The Dutch Central Bank made efforts yesterday to ensure steady conditions within the money market by arranging one-month dollar swaps against guilders in order to maintain a tolerable level of liquidity. The agreement is effective from next Monday and rates yesterday remained steady in generally quiet trading. Call money was quoted at 9½ per cent against 9¼ per cent previously, while one-month money slipped from 9¾-9⅞ per cent to 9⅝-9¾ per cent. The three-month rate remained at 9¾-10 per cent and six-month money was quoted at 9¾-10 per cent against 9¾-10 per cent.

FRANKFURT — Interbank money rates showed a rather mixed tendency, with call money at 6.60-6.80 per cent from 6.90-7.00 per cent on Wednesday and one-month money at 7.85-7.95 per cent against 7.80-7.90 per cent. The three-month rate stood at 7.90-8.00 per cent from 7.90-8.05 per cent; the six-month at 7.90-8.00 per cent from 7.90-8.10 per cent while 12-month money stood at 7.85-7.95 per cent against 7.80-8.00 per cent.

PARIS — Day to day money rose yesterday to equal Tuesday's 18 month high of 10⅞ per cent, thus reversing Wednesday's easier trend when the rate was quoted at 10⅝ per cent.

BRUSSELS — Deposit rates for the Belgian franc (commercial) were quoted at 10¾-12 per cent for one-month, 12-12⅝ per cent for three-month, 12¼-12⅞ per cent for six-month and 11¾-12 per cent for 12-month.

HONG KONG — Conditions in the money market were generally easy throughout, with call money at 8 per cent and overnight business dealt at 5 per cent.

MONEY RATES

NEW YORK

Prime Rate	12.5-13
Fed Funds	11.4375
Treasury Bills (13-week)	10.51
Treasury Bills (26-week)	10.30

GERMANY

Discount Rate	5
Overnight Rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	[illegible]
Overnight Rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

JAPAN

Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount (three-month)	[illegible]

GOLD

Further fall

Gold fell $3¼ to close at $333¾-334¼ in quiet trading in the London bullion market yesterday. The metal opened at $334½-335¼, the highest point of the day, and fell to a low level of $331¾-332¼. The krugerrand was quoted at $342½-344½, and the premium over its gold content narrowed to 2.80 per cent from 2.85 per cent. The similar Canadian coin, the Mapleleaf, eased to $363-368 from $363¼-368¾.

In Paris the 12½ kilo gold bar was fixed at FFr 47,750 per kilo ($351.08 per ounce) in the afternoon, compared with FFr 47,950 ($352.99) in the morning, and FFr 48,250 ($354.82) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 19,390 per kilo ($333.38 per ounce), compared with DM 19,630 ($338.62) previously.

	August 13		August 12	
Gold Bullion (fine ounce)				
Close	$333¾-334½	(£151.3-151.65)	$337½-338¼	(£151.8-152.1)
Opening	$334½-335¼	(£150.9-151.25)	$336½-337¼	(£150.7-151.1)
Morning fixing	$334.35	(£150.662)	$336.95	(£151.139)
Afternoon fixing	$332.95	(£150.561)	$337.10	(£151.751)
Gold Coins				
Krugerrand	$342½-344½	(£155¼-156¼)	$346½-348½	(£156½-156½)
Mapleleaf	$363-368		$363¾-368¾	
New Sovereigns	$85½-87½	(£38¾-39¾)	$86½-88½	(£38¾-39¾)
King Sovs.	$108½-110½	(£49¼-50¼)	$109½-111½	(£49¼-50¼)
Victoria Sovs.	$114½-116½	(£52-53)	$116½-118½	(£52½-53½)
Fr 20 Napoleon	FFr405-415	(SFr156-160)	FFr430-440	(SFr156-160)
50 pesos Mexico	$415½-417½		$420½-421½	
100 Cor. Austria	$329-330		$331-332	
$20 Eagles	$473-478		$476-479	
$10 Eagles	$279-284		$282-287	
$5 Eagles	$234-239		$235-240	

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a small amount of Treasury bills all direct from the discount houses. The latter were paying 13¼-13¾ per cent for secured call loans at the start with closing balances taken in the region of 13 per cent. The market was faced with a small net take up Treasury bills to finance and the repayment of Wednesday's small market advances. On the other hand banks brought forward balances a small way above target and Government disbursements exceeded revenue transfers to the Exchequer by a small amount. There was also a slight decrease in the note circulation.

In the interbank market overnight loans opened at 13¾-14 per cent and most of the day's business was seen between 13¾ per cent and 13⅞ per cent. During the afternoon, rates tended to fall away a little to 13-13½ per cent before coming back to 13¾-14 per cent and finishing at 13-13½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 13 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13-14	—	—	—	14¼	13-14	—	—	—
2 days notice	—	—	14⅛	—	—	—	—	—	—	—
7 days or 7 days notice	—	14-14¼	14⅛ 14⅜	—	—	—	[illegible]	—	—	—
One month	14⅛-14⅛	14⅛-14¼	14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾-13⅞ per cent; four-month trade bills 14½ per cent.

Approximate selling rate for one-month Treasury bills 13 11/64-13⅜ per cent; two-month 13 19/64-13⅜ per cent; three-month 13 21/64 per cent. Approximate selling rate for one-month bank bills 13⅞ per cent; two-month 13⅞ per cent; three-month 13⅞ per cent; one-month trade bills 14½ per cent; two-month 14⅜ per cent; three-month 14⅜ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2485 per cent.

WORLD STOCK MARKETS

Midway Wall St. stock prices under pressure

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—31¼% (32¼%)

Effective $2.2030 11¼% (13%)

STOCK PRICES were under pressure in active trading at mid-session as investors continued to worry about the outlook for interest rates and the economy.

The Dow Jones Industrial

Closing prices and market reports were not available for this edition.

Average lost 0.68 to 870.22, but advances led declines by a small margin on volume of 15m shares.

Chase Manhattan Bank raised its Prime Lending Rate to 13 per cent from 12¾ per cent. Although no major bank has so far followed Chase's move, it is likely to be only a matter of time before 13 per cent becomes the industry standard.

While anlysts hope the rapid rise in interest rates has brought the rate peak closer, many are concerned that tight credit may not slow inflation without a serious recession.

Volume ...leader... Gulf ...Oil dropped ⅛ to $33, Dome Mines 1¼ to $42¾ and Columbia Gas ⅜ to $3¼. Dome's Canadian subsidiary said gas shows in its Kopanoar M-13 Beaufort Sea Oil well were not commercial. Gulf Canada and Columbia Gas also hold stakes in the well.

Active Commonwealth Edison slipped ⅛ to $23⅛. It stopped construction on its Braidwood nuclear power station because of an unfavourable rate order from State authorities.

Among gains, G. D. Searle added ⅞ to $17⅞. The company said Canada was likely to approve Searle's Aspartame sweetener for use in certain foods and beverages. Active Clorox rose $1 to $12¾. Louisiana Land and Exploration rose 1½ to $40⅞ in active trading. It reported a Louisiana gas find this week.

Trans World rose 2⅛ to $23¼. Texas International Airlines said it bought some Trans World shares and, without giving details, said it held talks on a transaction involving Trans World's airline. Trans World rebuffed the approach. Texas Air eased ⅛ to $10⅛ on the American Stock Exchange.

Amex prices were mostly higher in active trading. The Index gained 0.23 to 224.66 on turnover of 2.37m shares.

Canada

The market turned lower in active trading as the Toronto Composite Index fell 8.6 to 1,718.5.

Eight of 14 indices retreated and losses led gains 216 to 160.

Oil issues were broadly lower as Dome Petroleum fell 3¼ to C$51½, Gulf Canada C$2 to C$98, Hudson's Bay Oil C$1 to C$88 and Canadian Superior ⅛ to C$157½.

Among Golds, Dome Mines fell 1⅛ to C$49, while Campo Mines, at C$16½, and Dickenson Mines, at C$9⅛, were both down ⅛.

Royal Bank, the most active issue on 152,474 shares, slipped ⅛ to C$42½.

Volume was 3,223,383 shares, compared with 3,065,519 the previous day.

In Montreal, share prices were also lower in heavy trading as all leading indices, with the exception of Utilities, declined.

Integrated Mines were higher as Hudson Bay Mining rose ⅜ to C$26½, Alcan Aluminium ⅛ to C$47 and Inco ⅛ to C$24⅝.

Banks were mixed with Toronto Dominion falling ⅜ to C$24¼ and Royal ⅛ to C$42½. Canadian Imperial, at C$26¾, and Bank of Montreal, at C$24½, added ⅛.

Volume was 573,297 shares, compared with 346,118 on Wednesday.

Australia

Continued strong local and overseas support for leading mining, uranium and other resources stocks lifted the Sydney All Ordinaries Index 5.47 to a new peak of 669.5.

Healthy afternoon support for BHP led to it firming 12 cents to A$10.10.

Most action was among the mining heavyweights, as BH South firmed 15 cents to A$2.85, and MIM firmed 12 cents to A$3.82. Western Mining traded more than 690,000 shares and firmed 15 cents to A$3.41, but a rumoured impending sale of 10m shares failed to materialise.

Consolidated Gold Fields was a strong performer with a rise of 20 cents to A$70. Peko Wallsend firmed 8 cents to A$6.48.

Among other Uraniums, Queensland Mines rose 14 cents to A$5.14 and Kathleen Investments gained 10 cents to A$5.20.

Coal groups were well supported, with Thiess up 15 cents to A$4.85 and White Industries up 10 cents to A$4.20. On the industrial boards, firming sugar prices lifted CSR 15 cents to A$4.35 and Pioneer Sugar 5 cents to A$1.75.

Paris

Share prices were firmer in active trading on an absence of sellers.

Oils were very firm, with Esso rising FFr 16.90 to FFr 282 and Elf-Aquitaine gaining FFr 26 to FFr 1,070.

Peugeot-Citroen, which has problems at its plants in the UK and Nigeria, lost FFr 9.80 to FFr 281.

Foods, Constructions, Engineerings, Department Stores and Electricals were firm, while Banks, Steels and Chemicals were slightly higher.

Among foreign shares, U.S. were weaker. Dutch eased and Germans and Oils were mixed. Canadians were well supported and Gold Mines fell.

Germany

Most leading shares closed lower after trading on light turnover.

Engineerings fell, with GHH down DM 2.50. In Stores, Horten was down DM 2.50, while in Motors, Daimler and VW shed DM 1.50. Banks were mostly easier, and Deutsche lost DM 2.40.

Chemicals were easier to unchanged, and Steels were mostly unchanged, with Hoesch rising DM 1. Elsewhere, AEG and Veba were easier, and Preussag rose DM 2.10 against the downward trend.

On the Domestic Bond Market, public authority loans were narrowly mixed and the Bundesbank sold DM 7.5m of paper in open-market operations after selling DM 21.4m the previous day.

Mark-denominated foreign loans eased up to 50 pfennigs.

Tokyo

Share prices closed slightly lower in mixed lacklustre trading, led by Oils and energy related issues.

The Nikkei-Dow Jones Average fel 3.85, closing at 6,447.87, with volume 290m shares. The Tokyo Stock Exchange Index closed at 455.30, up 0.31.

Many shares firmed initially, but eased in the afternoon, with investors cautious about the high levels. Arabian Oil fell Y40 to Y3,330, Teikoku Oil Y16 to Y754 and Mitsui Mining Y12 to Y521.

Pharmaceuticals and Machines closed generally higher on good earning prospects, with Kaken Chemical up Y140 to Y2,100 and Fujisawa Pharmaceutical Y40 to Y1,010.

Export-orientated issues closed mixed after a firm start as Sony fell Y10 to Y1,970 and Matsushita Ind. Y8 to Y683. Pioneer rose Y50 to Y2,320 and TDK Electronics Y10 to Y1,960.

Amsterdam

Share prices closed mainly easier in continued quiet trading, with Hoogovens the only higher issues in Dutch Internationals.

ABN lost Fl 2.00 and Heineken Fl 1.40, while shares with losses of up to Fl 1.00 included Van Ommeren, AMRO, HVA and NMB. Giessen-De Noord rose Fl. 7, Amev Fl 1.00 and Amfas Fl. 0.70.

State Loans were practically unchanged. Turnover on the European Options Exchange fell from 3,244 contracts the previous day to 2,386, of which 1,998 were call options and 388 put options.

Philips was the most active class with 1,150 contracts. Royal Dutch, which announced a higher 1979 interim dividend late in the afternoon, had 478 call contracts and 295 put contracts traded. Its shares eased Fl 0.10 to Fl 149.80 in after hours trading.

Milan

Stocks closed mixed after an active session.

Liquigas savings shares fell sharply and doubts over the future of plans by banks to stage a financial rescue for the group.

Pirelli EC firmed, but both Olivettis eased. Treasury issues firmed in otherwise mostly quiet Bonds.

Hong Kong

Share prices generally closed higher in light trading.

The Hang Seng Index closed at 595.32, up 2.13 points from Wednesday.

Gains included New World, up 7.5 cents to HK$2.65, Sun Hung Kai Properties, up 40 cents to HK$12.70, and Swire Pacific A, up 15 cents to HK$3.20.

Johannesburg

Gold shares eased throughout in fairly quiet trading shadowing lower bullion prices.

Platinums also eased in quiet trading. Copper issues turned easier after recent strong gains and Industrials were steady to mixed in fairly quiet trading.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
⊕ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. % h Assumed dividend after scrip and/or rights issue k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment t Indicated div. u Unofficial trading. v Minority holders only y Merger pending * Asked. † Bid § Trade. ‡ Seller z Assumed xr Ex rights. xd Ex dividend xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept. 12	Sept. 11	Sept. 10	Sept. 7	Sept. 6	Sept. 5	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆ Industr'ls	870.90	869.71	876.89	874.15	867.32	858.15	887.95 (31/8)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.83	85.82	85.88	84.16	84.55	84.79	86.10 (15/8)	82.92 (8/6)	—	—
Transport	260.86	259.31	260.62	258.57	257.40	256.02	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	108.18	107.71	108.88	108.42	107.54	107.04	109.61 (25/8)	98.31 (19/5)	163.32 (20/4/69)	10.50 (28/4/42)
Trading Vol 000's	39,530	42,930	33,710	34,440	30,450	41,770	—	—	—	—

◆ Day's high 874.91 low 862.97

	Sept. 7	Aug. 31	Aug. 17	Year ago (approx)
Ind. div. yield %	5.67	5.58	5.67	5.21

STANDARD AND POORS

	Sept. 12	Sept. 11	Sept. 10	Sept. 7	Sept. 6	Sept. 5	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
‡Indust'ls	120.07	119.64	120.42	119.83	118.50	118.25	121.27 (31/8)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	107.82	107.51	108.17	107.66	106.85	106.40	109.32 (31/8)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 5	Aug. 29	Aug. 15	Year ago (approx)
Ind. div. yield %	5.12	4.98	5.02	4.67
Ind. P/E Ratio	7.87	8.49	8.41	10.08
Long Gov. Bond Yield	9.11	8.96	8.89	8.37

N.Y.S.E. ALL COMMON

Sept. 12	Sept. 11	Sept. 10	Sept. 7	1979 High	1979 Low
61.48	61.29	61.69	61.39	62.40 (31/8)	53.88 (27/3)

Rises and Falls

	Sept. 12	Sept. 11	Sept. 10
Issues Traded	1,942	1,890	1,880
Rises	891	448	787
Falls	654	1,045	672
Unchanged	397	397	421
New Highs	50	53	54
New Lows	31	29	16

MONTREAL	Sept. 12	Sept. 11	Sept. 10	Sept. 7	1979 High	1979 Low
Industrial	310.58	306.53	306.79	304.29	319.58 (12/9)	219.39 (2/1)
Combined	298.96	298.18	298.21	295.33	298.96 (12/9)	226.90 (2/1)
TORONTO Composite	1727.1	1716.7	1720.9	1725.3	1727.1 (12/9)	1315.3 (2/1)
JOHANNESBURG Gold	345.8	342.1	345.1	331.7	349.2 (6/9)	239.4 (17/4)
JOHANNESBURG Industrial	356.8	356.7	354.7	353.8	356.8 (12/9)	279.5 (2/1)

WEDNESDAY'S ACTIVE STOCKS

NEW YORK

Stock	Sept. 12	Sept. 11
Abbotts Lab.	35⅞	36¾
AM International	16⅞	17⅝
Adobe Oil & Gas	36¾	35⅛
Aetna Life & Ca.	33⅝	33¾
Air Products	32⅛	32¼
Alcan Aluminium	40⅛	40
Alcoa	56½	55⅞
Con. Edison NY	23¼	23⅛
Consol Foods	34⅝	34⅝
Consol Nat. Gas	44⅛	43⅝
Consumer Power	22	21⅞
C'ntinental Gr'p.	30⅛	30⅛
Continental Tele.	17¼	17¼
Control Data	46¼	45⅝
Cooper Indus	57¼	57¾
Corning Glass	59⅞	60⅞
CPC Int'mation'l	53⅛	53⅝
Crane Co.	34	34¼
Crocker Natl.	33⅛	33⅛
Crown Zellerb'h	39⅛	39⅛
Cummins Engine	32¾	32⅝
Intl. Paper	44½	44¼
Intl. Rectifier	24⅛	22¾
Intl. Tel. & Tel.	28⅞	29¼
Iowa Beef	23⅛	23½
IU International	12⅞	12¾
Jim Walter	34¼	34⅝
Johns Manville	25⅞	25⅞
Johnson Johnson	74⅛	74⅛
Johnson Control	26½	26¼
Jostens	20⅝	20
Joy Manufacturg	31⅞	32⅛
K. Mart	27	27
Kaiser Aluminum	20⅝	19¾
Kaiser Industries	2⅛	2⅛
Kaiser Steel	40	39¾
Revlon	50¼	50¼
Reynolds Metals	36⅛	35⅝
Reynolds (R.J.)	62½	61¾
Rich'son Merrell	24	24⅛
Rockwell Inter.	41¾	41⅝
Rohm & Haas	44½	44
Rolm	31⅝	31¼
Royal Dutch	75¾	75⅛
UV Industries	28¼	27⅛
Virginia Elect.	12¼	12¼
Walgreen	29¼	29¼
Wallace-Murray	26½	26
Warner-Commn	37⅞	37⅝
Warner-Lambert	23	23⅛
Waste-Man'ment	35	35¼
Wells-Fargo	30⅞	31⅜
Western Bancorp	33⅛	33¼
Western N.Amer.	43½	44
Western Union	19¾	19⅝
W'stinghse Elec.	20½	20¾
Weyerhaeuser	33⅛	33¼
Whirlpool	21¾	21¾
White Con Ind	26⅛	26⅝
Williams Co.	23⅛	23⅛
Wisconsin Elect.	25⅜	25⅜
Woolworth	29⅝	29⅜
Wyly	6⅛	6⅜
Xerox	64⅝	63⅝
Zapata	21¾	21⅛
Zenith Radio	12⅞	13
U.S. Treas. 4% 80	†97	†97
US Treas 4¼% 75/85	†80⅞	†81¼

CANADA

Stock	Sept. 12	Sept. 11
Steel of Canada	29¼	28⅞
Steep Rock Iron	4.05	4.05
Teck Corpn. 'B'	17¼	17¼
Texaco Canada	80	80
Toronto Dom. Bk.	24¼	24¾
TransCan Pipe Ln	23⅛	22⅝
TransMount Pipe	—	10⅞
Trizec	†25⅛	31⅛
Union Gas	11⅞	11¾
Untd Siscoe Mnes	11	10⅝
Walker Hiram	50¼	49
West Coast Trans	15½	15⅝
Weston (Geo.)	26	26¼

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ◆

Sept. 13	Price DM.	+ or −	Div. %	Yld %
AEG	46	−0.7	—	—
Allianz Versich.	478	−1	31.2	3.3
BHF-BANK	200	+0.5	28.12	7.0
BMW	184	−0.5	28.12	7.6
BASF	138.5	−0.3	18.76	6.8
Bayer	132.9	−0.1	18.75	7.1
Bayer-Hypo	254.5	−2.5	28.12	5.5
Bay. Vereinsbk.	288	−2	28.12	4.9
Commerzbank	201.5	−0.7	26.56	6.6

TOKYO ¶

Sept. 13	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	384	.....	14	2.0
Canon	608	+5	12	1.0
Casio	810	+60	25	1.5
Chinon	368	−2	20	3.0
Dai Nippon Print	566	−3	16	2.0
Fuji Photo	665	−18	15	1.1
Hitachi	262	+5	12	2.5
Honda Motors	610	+20	18	1.5
House Food	895	−10	35	2.0
C. Itoh	377	+4	12	3.0

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C	F.30	7	0.50	52	1.60	5	2.20	F.29.50
AKZ P	F.30	—	—	—	—	4	1.80	"
ARB C	F.75	15	0.40	—	—	4	2.60	F.71.60
HO C	F.32.50	—	—	—	—	1	1.60	F.31.20
IBM C	$70	—	—	4	2⅝	—	—	$66¼
KLM C	F.100	—	—	5	8.70	5	12	F.103.50
KLM C	F.110	11	1.20	17	3.50	10	6	"
KLM C	F.120	—	—	21	1.40	—	—	"
KLM P	F.100	23	0.80	5	2.90	—	—	"
KLM P	F.110	10	7.70	21	7.80	—	—	"
NN C	F.110	—	—	5	8.40	—	—	F.116.30
NN C	F.115	1	3.50	—	—	9	7.50	"
NN C	F.120	5	1	90	2.50	58	4.30	"
PET C	Fr.5500	—	—	10	240	—	—	Fr.5170
PHI C	F.22.50	100	1.40	51	2	13	2.60	F.23.70
PHI C	F.25	60	0.20	691	0.60	70	1.20	"
PHI C	F.27.50	—	—	136	0.20	—	—	"
PHI P	F.25	—	—	10	1.50	—	—	"
PHI P	F.27.50	—	—	20	4	—	—	"
PSA C	F.320	—	—	3	5	—	—	F.281
RD C	F.140	4	9.70	10	9.60	—	—	F.149.50
RD C	F.145	160	4.30	20	6.20	—	—	"
RD C	F.150	200	1.50	62	3.10	1	6	"
RD C	F.160	—	—	21	1.30	—	—	"
RD P	F.140	10	0.80	10	2.50	—	—	"
RD P	F.145	41	2.50	12	4.80	—	—	"
RD P	F.150	223	6.80	—	—	—	—	"
XRX C	$70	—	—	2	2⅛	—	—	$64½
		Nov.		Feb.		May		
BAZ C	$35	5	13⅝	—	—	—	—	$47⅞
BAZ C	$45	39	4⅜	—	—	—	—	"
		Sept.		Dec.		Mar.		
GM C	$50	5	10½	7	10⅝	—	—	$60⅜
GM C	$60	4	¾	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS 2386

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %
Amro Bank	14 %
American Express Bk.	14 %
Henry Ansbacher	14 %
A P Bank Ltd.	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000, 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

COPENHAGEN ♣

VIENNA

SWITZERLAND ⊕

MILAN

AUSTRALIA

STOCKHOLM

OSLO

JOHANNESBURG

BRAZIL

SPAIN ♥

COMMODITIES AND AGRICULTURE

Court backs U.S. futures commission

CHICAGO — The U.S. Commodity Futures Trading Commission has the power to close down a futures market when it thinks an emergency exists, the Seventh Circuit Court of Appeals ruled here.

The court vacated an order issued on March 18, by Judge John F. Grady, which allowed the Chicago Board of Trade to resume business in the March 1979 wheat futures contract. Trading had earlier been halted by order of the CFTC.

The three-judge panel unanimously agreed that "legislative history amply demonstrates a Congressional purpose to establish a Commission with broad regulatory and enforcement powers, and with the capability and expertise of taking swift and effective action when the Commission has reason to believe an emergency exists."

"Judicial review of the Commissions' emergency determination would thwart the very purpose for which Congress authorised emergency powers," the court said. Reuter

Ghana marketing move lifts cocoa

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES jumped on the London terminal market yesterday following news that Ghana has abolished its Cocoa Marketing Board and Ministry of Cocoa Affairs. A cocoa council is to be set up in the place of the board.

On the futures market, the December position gained £28 to close at £1,516.5 a tonne, mainly as a result of nervous covering. However, dealers said that the Cocoa Marketing Company was open for bids on cocoa products as usual yesterday. It was generally thought that there would be no drastic change in Ghana's cocoa marketing arrangements and that existing supply contracts would be honoured.

Radio Ghana said top officials of the Board had been dismissed following a report by a commission of inquiry that had been investigating cocoa marketing for the past year.

The Marketing Board has come under heavy pressure from critics who claim that it has not been looking after the interests of farmers. It is suggested that a major influence behind the steep fall in Ghanaian cocoa production in recent years has been the failure to pay farmers a sufficiently high price to cover increasing costs of production.

Taking a longer-term view, it is thought the proposed new marketing set-up must almost certainly be an improvement, given Ghana's need to earn more from cocoa exports—its main source of revenue.

However, few details of any proposed changes are yet known in London, and this uncertainty has triggered off some protective covering purchases.

The news from Ghana came just as the cocoa market was starting to climb. There have been reports of excessive rain and pod rot disease hitting crops in West Africa and shipments of the Brazil Temporao crop are now starting to dry up.

Consumers normally come back into the market at this time of the year, when grinding activity resumes after the quiet summer months.

Speculative selling hits copper

By John Edwards

SPECULATIVE SELLING brought another sharp downturn in copper prices on the London Metal Exchange yesterday. Cash wirebars closed £24 lower at £899 a tonne.

The decline was triggered off by the easier trend in silver and expectations of further selling pressure emerging in the U.S. in reaction to the recent steep gains, notably in silver.

It was confirmed yesterday that most North American copper producers have now cut their U.S. domestic selling price to 92 cents a lb.

At the same time it was confirmed that most zinc producers have lowered their domestic U.S. price to 35.5 cents a lb. However, zinc prices defied the general downward trend on the London Metal Exchange following news that the Canadian producer, Cominco, was planning to curtail production at its big Trail smelter in British Colombia.

The company said the cutback was in response to a surplus in the world supply-demand balance.

Several European smelters have already announced production cutbacks, but the move by Cominco lends force to the view that producers generally are determined to reduce the current surplus depressing prices.

Meanwhile, lead prices fell again yesterday, influenced mainly by the trend in copper, and the easier supply situation.

UK FARMING

A good harvest despite growing season worries

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I MANAGED to finish harvesting last week, and the result was surprisingly good in view of the anxieties of the growing season.

These started with the drought last autumn which spoilt germination, the frosts which killed quite a lot of the plants, to say nothing of the fiendishly cold and wet spring.

What saved the situation was the phenomenal growing period of June and July, which put everything as near right as it could be. Indeed, if the previous nine months had been as good for growth there would have been a record harvest. But a record would have been no good for prices, to say nothing of bursting out the sides of the stores.

Crop yields, however, have been highly variable. My own wheat was my heaviest crop, while both winter and spring barley were disappointing. Farmers quite close to me found the reverse to be the case.

As no one can ever check the final harvest outcome because of the vast amounts of grain used domestically on the farm or sold privately, any such guesses must be viewed with caution. But there seems to be an overall impression that the harvest has not been so heavy as last year. This view is supported by the lack of selling pressure by farmers.

Grain prices are quietly firming as farmers are simply shutting their barn doors and getting on with their autumn cultivations. Indeed, the first sowings of winter barley are being made at this moment of some of the lighter lands and the next couple of months will give farmers plenty to do.

One reason for farmers' hesitation is quite simply that much of last year's crop was sold early for very low prices. The market then improved considerably in the spring, partly because of a demand for feeding stuffs and a shortage of barley caused by exports. Farmers saw feed barley being sold at nearly £100 per tonne last May, and have got that magic figure in their sights.

They are reinforced in this by the knowledge that no imported supplies will be permitted at less than that figure and cereal substitutes, of which half a million tonnes were imported last year, are no longer available. Add to this the general belief that the harvest will turn out lower, perhaps significantly lower, than last year.

Whether this assessment is right remains to be seen. However, it should be remembered that farmers very seldom sell grain on a rising market.

One feature of the harvest this year is that the protein content of the wheat, with milling potential is generally quite low. One leading miller has insisted on a standard which may be hard to meet this year, so putting more pressure on the feeding grain market.

But unless the harvest in the north of England turns out to be exceptionally heavy, the chances are that there should be trading at price levels well above those of last year.

The EEC intervention price levels are about £10 per tonne above last year but only some 100 tonnes of barley have been sent to that outlet. Actual market prices at present are above the intervention basis.

I always try to learn from each year's results. While the weather has, of course, far more influence than I as a farmer shall ever have, certain factors did stand out. The first concerns cultivations. There is a move afoot towards the use of sprays and various short cuts in operations, including direct drilling into stubble previously burnt off.

The lesson here was that it did not matter what system was used to prepare a weed-free seed bed, the important point was to make a proper job of whatever method was used. Sometimes it could be done in one operation with a direct drill using minimal cultivations, but more often than not I needed to use the plough. This is partly because of the nature of my soil. Generally I found there was no alternative to a plough as the basis for a good seed bed.

There is also the date of sowing. There have been recent moves to sow very early but I found the date of sowing had little effect on final yield. In fact, my earliest-sown winter barley was by far the worst, probably because the autumn drought checked growth for a bit. My best field of wheat was sown at the end of November and lost a lot of plant in the frost.

In the case of wheat the best crops in yield and freedom from disease were grown in rotation. However, the extra yield probably did not pay for the drop in returns from the previous crops of grass seeds or peas.

I made no use of any of the multitude of sprays available to prevent almost every disease of wheat, and I don't think I missed them. My omission saved me a lot of money. But, of course, things could be very different next year.

EEC poultry regulations criticised

By Richard Mooney

EEC HYGIENE regulations, as interpreted by the UK Ministry of Agriculture, will add between £3m and £4m a year to the British poultry industry's costs, Mr. Maurice Stoakes, chairman of the British Poultry Federation, said in London yesterday.

This would put the UK producers at an unfair disadvantage compared with producers in other EEC countries, where the regulations are being less strictly interpreted, he said.

He also complained that the industry was being forced to foot the whole bill while many Continental competitors were getting considerable government help.

And in Britain, inspection was being organised at local authority level, leading to great variations in costs. For one small turkey processor in Lancashire, he said, the cost of using one local authority-appointed inspector added 15p a bird to production costs. Average inspection costs for the whole industry worked out at about 1p a bird.

The Federation plans to introduce a scheme to avoid such anomalies, however. It will centralise the payment of local authority bills and will raise the money through a production levy to share the costs equally among all producers.

Early rise trimmed in Chicago grains

BY A CORRESPONDENT

CHICAGO—Initial gains yesterday morning for maize, wheat and soya futures on hte Chicago Boards of Trade were quickly trimmed by a surge of grain merchandiser selling. A big professional house bought heavily in all three pits, attracting moderate speculative support, on the strength of worldwide production estimates released on Wednesday from the U.S. Department of Agriculture.

The 180m tonnes estimate of Soviet grain production is 5m tonnes below the last estimate and took commodity brokers by surprise. Many had anticipated an increase to about 190m tonnes. Projections on 1979 U.S. production of maize (corn) and soya were a shade below wht many analysts expected and contributed to the demand.

But concern about an increase in carryover numbers for U.S. maize and soya in yesterday's USDA supply-demand report has inhibited support, according to brokers. The possibility of weekend frost damage to U.S. crops in hte mid-west seems to have declined while the drenching rains stirred by hurricane Frederic may not reach key growing areas in the U.S.

Estimates for 1979 U.S. grain and soyabean production were generally in line with industry expectations. Current U.S. maize production was estimated at 7.268bn bushels; soya at 2.174bn bushels and all types of wheat at 2.123bn bushels. The maize and soya projections exceed USDA's August forecasts slightly but are a shade below what many brokers had expected.

Growing weather across the U.S. corn and soya belts during the next two weeks could more decisively influence price movements next month than any of the production estimates released on Wednesday.

It was noted that good growing conditions since the September 1 cut-off date for the study suggests that the figures on U.S. production may be higher.

Big profit for Wool Corporation

THE AUSTRALIAN Wool Corporation has made a profit of A$24.1m on reserve price wool trading for the year ended June 30, 1979, nearly all of which was transferred to the market support fund, which is based on growers' contributions through the wool tax.

Mr. D. J. Asimus, newly-appointed chairman of the Corporation, said the fund had achieved a credit balance of A$241.1m—an increase of almost 80 per cent on a year earlier.

The profit was made in reducing the stockpile from a peak of 1,011,917 bales in December to 353,757 bales at June 30, aided by a strong and sustained lift in the wool market.

Sugar growers count hurricane cost

BY WILLIAM CHISLETT IN MEXICO CITY

TWO WEEKS after hurricane David swept through the Dominican Republic causing $1bn worth of damage, the country's State Sugar Council has still not been able to evaluate the damage to the sugar industry, mainstay of the economy.

Sugar experts are touring the country, the world's fifth largest producerd, to estimate the damage.

Much of the country is still flooded and many areas are cut off. The hurricane hit the souther ncoast particularly hard especially around San Pedro Macoris, the centre of the sugar area.

"We really do not yet know what the damage is," said Sr. Caesar Garcia, the council's planning and budgeting sub-director. A special commission has been set up to report on the damage. Unofficially, it is estimated at between 15 and 20 per cent of the next harvest which before the hurricane was forecast at around 1.4m tonnes. If this is so then the Council's worst fears will not be confirmed.

The country has 12 sugar mills and some of them were damaged. The 1978-79 crop harvested before the hurricane but much of it is in warehouses, some of which were damaged. That harvest was about 1.3m tonnes.

The greatest concern is whether the 1979-80 harvest, due from November, can recuperate in time. If the crop is under water too long then the plant is destroyed.

The country's sugar industry represents about one-third of exports and employs 83,000 people. The council contributes 63 per cent of total sugar and the rest comes from plantations run by Gulf and Western and Vicini.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away on the London Metal Exchange in the face of speculative selling. Forward metal started at £902 and came under pressure as other metal prices declined. There was some stop-loss selling under £890, and the price touched £885 before trade pricing purchases lifted the market to £895-£898. Business hovered around this level in the afternoon. The backwardation narrowed. The close on the Kerb was £897. Turnover 22,025 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	903-4	-22	898-900	-24
3 months	894-5	-20	894-5	-20
Settlem't	904	-22	—	
Cathodes				
Cash	871-2	-17	868-9	-18
3 months	875-6	-18.2	873-5	-18.7
Settlem't	872	-17	—	
U.S. Smt.	—	......	*92.4-.71	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £897, 906, 5, 4, 3, three months £891, 90, 91, 92, 93, 92, 94, 96, 96, 98, 97, 96.95. Cathodes cash £872, three months £874, 75, 76. Kerbs: Wirebars three months £894, 93, 92, 93. Afternoon: Wirebars three months £894, 96, 96.5, 97, 96.5, 96, 97, 98, 97, 96, 96.3, 96, 95, 94. Cathodes cash £868. Kerbs: Wirebars three months £894, 92, 93, 93.5, 94, 95, 96, 97, 96.5.

TIN—Moved quietly in a narrow range. The East was lower overnight and forward metal started at £6,780. After reaching £6,790 it drifted off, influenced by copper, to £6,765, but late U.S. buying and the weaker pound led to a close on the Kerb of £6,795. Turnover 695 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6795-805	-32.5	6755-65	-55
3 months	6788-800	-5	6765-80	-40
Settlem't	6805	-30	—	......
Standard				
Cash	6795-805	-32.5	6755-65	-55
3 months	6788-90	-13.5	6765-70	-40
Settlem't	6805	-30	—	......
Straits E.	$1931	-14	—	......
New York	—			......

Morning: Standard cash £6,795, 6,810, 05, 6,800, three months £6,780, 85, 90, 85, 90. High Grade cash £6,800. Kerbs: Standard three months £6,780. Afternoon: Standard three months £6,750, 70, 65, 70, 65, 70, 75, 70. Kerbs: Standard three months £2,780, 95.

LEAD—Declined in sympathy with copper in a market lacking fresh demand. Some stop-loss selling emerged and the backwardation disappeared. Forward metal fell from £535 to £519 and closed on the Kerb at £524. Turnover 9,100 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	520-1	-17.5	517-9	-18
3 months	525-6	-14.2	521-2	-18
S'ment	521	-18	—	......
U.S. Spot	—	......	*56	......

Morning: Cash £524, 21, 20, three months £524, 27, 26, 25, 26, 27, 28, 27, 26, 25, 26. Kerbs: Three months £525, 24. Afternoon: Three months £526, 25, 24, 23, 21, 22. Kerbs: Three months £521, 22, 20, 19, 20, 21, 22, 23, 22.

ZINC—Steady as forward metal moved in the morning from £326 to £332 after recent production cuts. News of reduced output from Cominco's Trail operation caused a further rise and the close on the Kerb was £334, although £335 was touched at one stage. Turnover 3,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	318-.5	-1.75	319-21	-1
3 months	330-1	+3	330.5-1	+1.25
S'ment	318.5	-2.5	—	......
Primw'st	—	......	*55-7	......

Morning: Cash £323, three months £330, 33, 35, 36, 36.5, 36, 35, 34, 35, 34, 33, 30. Kerbs: Three months £322. Afternoon: Cash £321, three months £334, 33.5, 32. Kerbs: Three months £332, 32, 32, 33, 34, 33.

ALUMINIUM—Very steady after forward metal had initially fallen from £715 to £713. It rose throughout the day, helped by the weakness of the pound and some trade interest, to close on the Kerb at £721.5, after touching £723. Turnover 2,825 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	722-3.5	-.25	727-9	+2.5
3 months	715-7	-1.25	721.5-2	+2.25

Morning: Three months £713, 14, 15, 16. Afternoon: Three months £720, 21, 23, 22. Kerbs: Three months £722.

NICKEL—Moved narrowly after forward metal had started at £2,610-£2,640. Although cash metal came under some pressure, the forward price held between £2,620 and £2 in flat trading and closed on the Kerb at £2,622.5. Turnover 462 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2545-50	-62.5	2570-80	-10
3 months	2620-30	-20	2635-45	+25

* Cents per pound. ‡ $M per picul. † On previous unofficial close

Morning: Cash £2,560, 50, 40, three months £2,620. Afternoon: Cash £2,560, 70, three months £2,630, 20.

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CORAL INDEX: Close 464-469

COMPANY NOTICES

SILVER

Silver was fixed 12.0p an ounce lower for spot delivery in the London bullion market yesterday at 539.6p. U.S. cent equivalents of the fixing levels were: spot 1,194.1c, down 34.4c; three-month 1,220.4c, down 30.1c; six-month 1,236.1c, down 32.4c; and 12-month 1,270.6c, down 32.4c. The metal opened at 550½-555p (1,220-1,230c) and closed at 548½-553p (1,210-1,220c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	539.60p	-12	549.0p	-15.5
3 months	553.60p	-11.5	568.5p	-15.5
6 months	562.60p	-11.4	—	......
12 months	582.10p	-11.4	—	......

LME—Turnover 213 (369) lots of 10,000 ozs. Morning: three months 552, 53, 54, 3.5, 54, 55, 4.5, 4.8. Kerb: Three months 555, 5.5. Afternoon: three months 561, 62, 63, 3.5, 63, 62. Kerb: Three months 562, 65, 66, 67, 6.5, 67.

COCOA

Cocoa futures remained steady throughout the day reflecting further commission hopes and chartist support for values to close at the highs of the day, reported Gill and Duffus.

COCOA	Yesterd'y's Close	+ or —	Business Done
Sept	1446-1447	+19.5	1448-1423
Dec	1516-1517	+28.0	1519-1492
March	1547-1550	+28.5	1550-1523
May	1572-1574	+28.5	1575-1547
July	1590-1592	+25.5	1590-1570
Sep	1610-1615	+22.5	1610-1597
Dec	1630-1655	+22.5	1625

Sales: 3,183 (2,539) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Sept. 12 148.19 (149.26); indicator price Sept. 13: 15-day average 144.30 (144.02); 22-day average 144.05 (143.83).

COFFEE

London coffee futures opened £15 higher but early trade selling restricted the upward movement during the morning until dealer buying prompted a minor rally just prior to the midday call. The afternoon was rather quiet with prices remaining fixed in a £5 range in steady conditions but towards the close good trade buying pushed values to the day's highs some £25 to £36 up on the day, reported Drexel, Burnham, Lambert.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1822-1825	+29.0	1825-1806
November	1868-1870	+34.0	1870-1845
January	1880-1885	+36.5	1884-1855
March	1841-1848	+30.0	1845-1820
May	1826-1830	+34.5	1830-1816
July	1812-1815	+28.0	1815
Sept	1800-1815	+25.5	1810

Sales: 6,427 (3,022) lots of 5 tonnes. ICS indicator prices for September 12 (cents per pound): Other Mild Arabicas 204.17 (203.00). Robustas ICA 1976 188.50 (187.00). ICA 1968 188.75 (187.25). Unwashed Arabicas 209.00 (same). Comp. daily ICA 1968 203.20 (202.42).

GRAINS

Grains opened 10.20p higher in good volume. Values increased on good commercial buying with good demand for the spot options to close steady 65p higher on September wheat and 35-80p higher on barley, reported Acli.

WHEAT			BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterdys close	+ or —
Sept.	93.75	+0.65	90.70	+0.80
Nov	96.35	+0.30	93.40	+0.55
Jan	100.40	+0.35	97.85	+0.35
Mar	103.55	+0.10	100.45	+0.35
May	106.65	+0.15	103.45	+0.40

Business done—Wheat: Sept. 93.75-93.60, Nov. 96.35-96.15, Jan. 100.40-100.20, March 103.65-103.45, May 106.75-106.55. Sales 204 lots of 100 tonnes. Barley: Sept. 90.75-90.30, Nov. 93.45-93.10, Jan. 97.35-97.10, March 100.45-100.20, May 103.50-103.30. Sales: 369 lots of 100 tonnes.

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Sept. 104.15 ex-Gulf ports, Sept. 96.90, Oct. 97.15, Nov. 98.15 ex-Lakes ports, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Oct. 99.40, Nov. 101.15, transhipment East Coast. EEC unquoted. Maize: U.S./French Sept. 110, Oct. 109.50, Nov. 110.50, transhipment East Coast. South African White unquoted. South African Yellow Sept./Oct. 82.50 nominal. Barley: English feed fob Oct./Dec. 95, Jan./March 100.75, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian feed unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 96.70, S. West 96.10, W. Midlands 95.30, N. West 93.90. Feed barley: S. East 85.00, S. West 87.40, W. Midlands 85.60, N. West 88.30.

The UK Monetary Coefficient for the week beginning Monday September 17 is expected to remain unchanged.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 171 tonnes, bringing the total for the week so far to 1,014 tonnes. Increased demand brought extensive business. Russian and Turkish, among Middle Eastern styles, were in chief demand.

RUBBER

The London physical market opened steadier, but was erratic throughout the day closing on a quiet note, Lewis and Peat reported a Malaysian godown price of 278 (277) cents a kg (buyer, October).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Oct.	59.85-60.75	59.75-60.00	59.90
Nov.	60.80	60.50-61.00	—
Oct-Dec	61.00-61.05	60.70-60.80	61.10-60.55
Jan-Mar	63.80-63.85	63.45-63.50	64.00-63.55
Apr.-Jne	66.40-66.50	65.80-65.85	66.50-65.80
Jly.-Sept.	68.75-68.90	68.10-68.20	68.80-68.10
Oct-Dec	71.15-71.35	70.60-70.65	—
Jan-Mar	73.65-73.75	73.10-73.20	73.70-73.65
Apr-Jne	76.10-76.20	75.55-75.60	—

Sales: 376 (334) at 15 tonnes and 3 at 5 tonnes.

Physical closing prices (buyer) were: Spot 59.50p (59.00p); Oct. 63.25p (63.00p); Nov. 63.75p (63.50p).

SOYABEAN MEAL

The London market opened £1 higher following the reduced USDA crop figure of 2.179bn bushels, reported T. G. Roddick. The market continued to find strength and commercial trade buying coupled with weaker sterling pushed prices firmer to close on the highs of the day.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
October	112.80-14.0	+1.30	—
December	117.75-17.8	+2.10	117.90-16.50
February	120.30-20.5	+1.75	120.20-19.30
April	121.80-22.0	+2.15	122.20-21.50
June	122.80-24.0	+1.90	123.20-22.50
August	122.50-27.0	+2.0	—

Sales: 98 (35) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £113.00 (same) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £120.00 (same).

Opening prices were around overnight levels and thereafter prices showed little change until the afternoon. Then the New York market opened sharply lower and losses of up to 50 points occurred. However, good buying interest was apparent on the decline which proved shortlived and most of the losses were recovered by the close, reported C. Czarnikow.

Tate and Lyle ex-refinery price for granulated basis white sugar was £297.55 (same) a tonne for home trade and £181.50 (£182.0) for export.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	117.65-17.75	117.80-18.00	118.00-17.25
Dec.	119.75-19.80	120.50-20.55	120.20-19.55
March	124.80-24.85	125.15-25.25	125.60-23.90
May	127.45-27.50	128.00-28.25	127.85-26.85
Aug.	131.00-31.85	131.50-31.80	131.00-30.25
Oct.	134.90-35.55	135.50-35.55	135.50-34.25

Sales: 3,381 (4,727) lots of 5 tonnes.

WHITE SUGAR—Close (in order buyer, seller, business, sales). Nov. 121.00, 121.50, 122.25-121.00, 80; Feb. 126.25, 126.80, 126.75, 40; April 129.50, 131.00, 130.50-130.00, 35; July 132.50, 134.00, nil, nil; Sept. 135.00, 136.50, nil, nil; Nov. 137.50, 139.00, 139.00, 1; Feb. 141.05, 144.00, nil, nil. Sales: 156.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Sept. 12: Daily price 9.88 (9.76); 15-day average 9.52 (9.45).

WOOL FUTURES

BRADFORD WOOL—Traders said quoted prices for tops show little or no change. Wool costs remain firm, which prevents top makers from considering reductions below an already competitive basis. A little business was reported on the market, but not sufficient to revive confidence. Reuter.

LONDON GREASY—Close (in order: buyer, seller only). Oct. 218.0, 33.0; Dec. 218.0, 38.0; March/May/July/Oct./Dec./March 228.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller only). Oct. 178.0, 83.0; Dec. 180.0, 85.0; March 181.0, 91.0; May/July/Oct./Dec./March 181.0, 93.0.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Micron Contract: Oct. 410.5, 411.5, 413.5-410.0, 89; Dec. 418.5, 419.0, 419.0-417.0, 89; March 428.0, 428.5, 430.0-425.5, 136; May 432.0, 432.5, 433.0-431.0, 91; July 436.0, 436.5, 437.5-435.0, 58; Oct. 436.5, 438.0, 439.0-433.0, 25; Dec. 436.0, 438.0, 439.0-434.0, 34; March 436.5, 438.0, 437.0-435.0, 16. Sales: 515.

★

HIDES—Manchester: Unchanged to slightly weaker. Second clear ox 31-35.5 kg 62.5p a kg (62.5p a kg); 26-30.5 63.0p (63.0p); 22-25.5 70.0p (71.0p). Light cows 70.0p a kg withdrawn (72.0p).

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 13 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	......	£710/50
Free Mkt (cif)	$1575/1595	......	$1585/95
Copper			
Cash w'bar	£899	-24	£907
3 mths	£894.5	-20	£903.25
Cash Cathode	£868.5	-18	£874.5
3 mths	£874	-18.75	£887.5
Gold troy oz	$334.125	-3.75	$300.125
Lead cash	£518	-16	£536
3 mths	£521.5	-15	£530.5
Nickel	£2959	......	£2,864
Freemkt (cif) (lb)	255/265c	......	245/270c
Platin'm tr'y oz	£172.50	......	£155.5
Free mkt	£188.90	-2.7	£156.65
Quicksilver	$305/315	......	$275/285
Silver troy oz	539.60p	-12	405.60p
3 months	553.60p	-11.55	417.10p
Tin Cash	£6,760	-55	£6,600
3 mths	£6,767.5	-15	£6,615
Tungsten	$139.98	......	$143.13
Wolfrm 22.04 cif	$143/148	......	$140/146
Zinc cash	£320	-1	£300
3 months	£330.75	+1.25	£310.5
Producers	$760	......	$760
Oils			
Coconut (Phil)	$950u	+25	$1,025
Groundnut	‡	......	‡
Linseed Crude	£418	+5	£395
Palm Malayan	$537.50x	+2.5	$552.0
Seeds			
Copra Philip	$610y	+5	$690
Soyabean (U.S.)	$295.50z	+2	$310.5
Grains			
Barley Futures	£93.40	+0.35	£91.05
Maize			
French No3AM	£110	......	£108
Wheat			
No. 1 Red Spg	‡	......	‡
No2 Hard Wint	£99.40z	+0.15	£99.25
Eng. Milling†	£95.0	......	‡
Other commodities			
Cocoa ship't	£1,607	+28	£1,485
Future Dec	£1,516.5	+28	£1,442
Coffee F'tr Nov	£1,869	+34.0	£1,748.5
Cotton A Index	78.20c	-0.10	77.60c
Rubber (kilo)	59.50p	+0.5	57.0p
Sugar (Raw)	£113.0	......	£101
Wooltp's 64s kl	270p	......	266p

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on September 13. GB—Cattle 76.21p per kg liveweight (-1.60). UK—Sheep 134.2p per kg edcw (-1.2). GB—Pigs 67.7p per kg liveweight (+1.9). England and Wales—Cattle numbers up 3.8 per cent, average price 75.99p (-2.61); sheep numbers down 23.7 per cent, average price 138.1p (-0.6); pig numbers up 9.2 per cent, average price 67.7p (+1.9). Scotland—Cattle numbers down 12.8 per cent, average price 78.84p (+0.98); sheep numbers down 10.7 per cent, average price 125.0p (-2.8).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 60.0 to 65.0; Eire hindquarters 70.0 to 72.0, forequarters 42.0 to 43.0. Lamb: English small 54.0 to 60.0, medium 52.0 to 58.0, heavy 46.0 to 56.0; Scottish medium 52.0 to 58.5, heavy 46.0 to 55.0; Imported frozen: New Zealand PL 48.5 to 49.5, PM 47.0 to 48.0. Pork: English, under 100 lb 38.0 to 45.0, 100-120 lb 36.0 to 44.0, 120-160 lb 38.0 to 43.0. Hares: English large (each) 170.0 to 220.0. Grouse: Young best (each) 270.0 to 320.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—South African: Valencias 4.00-5.20. Navels/Proteas 3.80-4.30; Brazilian: Peras 2.50-2.80, Valencia Lates 64/144 3.20-5.00. Lemons—Italian: 100/150's 6.00-6.50; Spanish: Trays 2.40-3.20; South African: 9.00-11.00; Brazilian: ½-boxes 4.00-4.40. Grapefruit—Dominican: 23/63's 9.00-10.50; Honduras: 40's 8.50. Apples—French: Golden Delicious, new crop, boxes 40 lb 150/175 3.80-4.00 20 lb 1.90-2.00, jumble pack 31 lb 2.70; Tasmanian: Granny Smith 3.00; Spanish: Granny Smith 40 lb 6.50-6.60. Pears—Spanish: Williams per pound 0.13; French: Williams 28 lb 3.00, Alexandrines 2.00; Italian: Williams per pound 0.13-0.15. Plums—Italian: Giant Prunes per pound 0.06; French: Gages 0.12, Stanleys 0.08. Grapes—Cyprus: Sultana 0.25, Thompson 0.30, Alphonse 0.18, Rozaki 0.20; Italian: Regina 10 lb 1.80-2.00; Spanish: Almeria 2.00, Black 2.50. Nectarines—Italian: C/B/A's 5.50-5.50; French: Alphonse per pound 0.16. Bananas—Jamaican: Per 28 lb 4.20. Avocados—South African: 4.50. Melons—Spanish: Yellow Honeydew 10 kg 5/14's 2.20-3.00, green 2.50-2.80. Onions—Spanish: 3.00-3.50; Dutch: 3.00. Tomatoes—Jersey: Per tray 0.90; Guernsey: 0.80-0.90. Cabbages—Dutch: White, net 2.50. Peaches—Italian: 1½ trays C's 2.50, B's 3.20, A's 3.40, AA's 3.50.

AMERICAN MARKETS

NEW YORK, Sept. 13.

THE PRECIOUS metals market is not about to reverse with one setback: Silver and gold gained sharply as the bullish psychology has again asserted itself. Copper rallied moderately, not being able to hold its best gains. Grains and soyabeans rallied smartly following a U.S. Government crop estimate, that was lower than trade estimates. Cattle recovered all of the losses of the previous day, while the pork complex was mixed. Cotton was sharply lower because of an unexpected upward revision in the U.S. crop estimate. Sugar finished mixed in a narrow range, having recovered from earlier losses on trade buying. Cocoa closed significantly higher on news from Ghana which added further uncertainty to the market. Coffee closed higher on reports of further losses in Angola and on trade buying, Heinold reported.

*Gold—Sept. 344.20 (324.40), Oct. 345.50-346.30 (335.30), Nov. 348.90, Dec. 352.50-353.30, Feb. 359.80, April 365.20, June 372.30, Aug. 378.30, Oct. 384.30, Dec. 390.20, Feb. 396.00, April 401.40, June 406.70.

*Platinum—Sept. nil (418.00), Oct. 426.20 (416.20), Nov. nil, Jan. 425.70, April 431.20, July 434.90, Oct. 439.40, Jan. 443.40. Sales: 2,737.

Potatoes (round whites)—Nov. 62.5 (63.2), March 75.0 (75.2), April 89.0, May 107.4. Sales: 428.

¶Silver—Sept. 1263.0-1286.0 (1224.0), Oct. 1271.0 (1231.0), Nov. 1290.5, Dec. 1290.0, Jan. 1295.5, March 1306.5, May 1318.5, July 1328.3, Sept. 1335.9, Dec. 1348.4, Jan. 1354.8, March 1364.4, May 1374.0, July 1383.6. Handy and Harman bullion spot 1224.0 (1268.0).

Tin—695.00-725.00 asked (705.00-730.00).

CHICAGO, September 13.

Lard—Chicago loose 25.25 (25.00). New York prime steam unavailable.

Live Cattle—Oct. 71.55-71.45 (70.17-71.50), Dec. 73.15-73.25 (72.87-73.20), Jan. 73.20, Feb. 73.10-72.95, April 73.17-73.00, June 73.65-73.50, Aug. 72.30-72.00, Oct. 71.25, Dec. 72.00. Sales: 30,020.

Live Hogs—Oct. 39.70-39.85 (40.07-39.67), Dec. 40.80-40.60 (40.65-40.70), Feb. 43.05-42.90, April 42.48-42.00, June 45.70, July 45.60-45.80, Aug. 43.60, Oct. 42.20, Dec. 44.25. Sales: 9,724.

‡‡Maize—Sept. 280½-281¼ (274¼), Dec. 287-283¾ (274¼), March 295-296, May 303-303½, July 306½-306¼, Sept. 309½.

Pork Bellies—Feb. 50.00-49.75 (50.40-49.87), March 50.30-50.25 (50.55-50.77), May 51.25-51.30, July 52.30, Aug. 50.80. Sales: 8,381.

Silver—Sept. 1270.0 (1220.2), Oct. 1267.2 (1227.2), Nov. 1278.2, Dec. 1291.5, Feb. 1305.0, April 1314.5, June 1323.8, Aug. 1332.9, Oct. 1342.4, Dec. 1352.1, Feb. 1362.0, April 1372.1, June 1382.4, Aug. 1392.9, Oct. 1403.6, Dec. 1414.5, Feb. 1425.6, April 1436.9, June 1448.4, Aug. 1460.1.

‡Soyabeans—Sept. 727-728 (699½), Nov. 724-735½ (705½), Jan. 750¼, March 767½, May 776½, July 788, Aug. 785½, Sept. 781.

‖Soyabean Meal—Sept. 198.00 (186.20), Oct. 196.70-196.70 (186.70), Dec. 200.60-200.60, Jan. 193.10, March 204.50-205.00, May 207.00, July 210.00, Aug. 210.30-211.00, Sept. 210.00-211.00, Oct. 207.00-205.00.

Soyabean Oil—Sept. 29.70-29.80 (28.72), Oct. 28.38 (27.38), Dec. 27.65-27.65, Jan. 27.50-27.40, March 27.52-27.60, May 27.50-27.45, July 27.40, Aug. 27.30, Sept. 27.20, Oct. 27.00-27.10.

*Wheat—Sept. 446 (428), Dec. 455, 456 (435½), March 466-466½, May 465, July 445½-445, Sept. 451.

WINNIPEG, Sept. 13. §Barley—Oct. 109.60 (109.30), Dec. 109.70 (109.60), March 110.40, May 110.10, July 109.20.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.94 (229.94).

All cents per pound ex-warehouse unless otherwise stated. *$ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Sept. 13.

Wheat—U.S. No Two Dark Hard Winter wheat 13.5 per cent. Nov. $206, Dec. $207, Jan. $210, Feb. $212, March $213. U.S. Hard Winter Wheat ordinary unquoted. U.S. No Two Red Winter Wheat Sept. $188, Oct. $189, Nov. $193, Dec. $198. U.S. No Two Northern Spring Wheat 14 per cent Sept./Oct. $196, Nov. $198, Dec. $209, Jan. $214, Feb. $216, March $218, April/May $200.

Maize—U.S. No Three Corn Yellow Sept. $134.50/$134.75, Oct. $135/$35.25 traded, AFL $136, Sept. $135, Oct. $136.50, Nov. $136.25, Dec. $141, Jan./March 146, April/June $147.50, sellers.

Soyabeans—U.S. Two Yellow Gulfports Nov. $288.25, Jan. $298.50, Feb. $304.55 traded, Sept. $30, Oct. $289, Nov. $288.25, Dec. $294.50, Jan. $298.50, Feb. $304.55, March $305.25, April/May $308.50, June/July $312 sellers. Brazil Yellow Faq unquoted. Argentina May $301.50, June $304.25, July $305.

Soyameal—44 per cent protein U.S. AFL Sept. $231, Oct. $236, Nov. $240, Nov./March $243, April/Sept. $249. Brazil Pellets AFL $236, mid-Sept./mid-Oct. $242, Oct. $246, Nov. $254, Sept. $256.

PARIS, Sept. 13.

Sugar (FFr per 10 kilos). Oct. 1140/1150, Nov. 1135/1155, Dec. 1175, March 1225/1227, May 1252/1260, July 1280/1280, Aug. 1310/1330, Oct. 1330/1344. Sales at call 3.

is generally regarded by the

INDICES

FINANCIAL TIMES

Sept. 12	Sep. 11	M'nth ago	Year ago
288.14	288.00	283.80	253.80

(Base: July 1, 1952=100)

MOODY'S

Sept. 12	Sept. 11	M'nth ago	Year ago
1118.1	1117.4	1072.1	989.0

(December 31, 1931=100)

DOW JONES

Dow Jones	Sept. 12	Sept. 11	Month ago	Year ago
Spot	405.47	405.73	397.25	381.65
F'tur's	411.66	408.30	407.66	380.87

(Average 1924-25-26=100)

REUTERS

Sept 13	Sept. 12	M'nth ago	Year ago
1589.6	1590.6	1563.3	1485.6

(Base: September 18, 1931=100)

Engineering industry's troubles again weigh on equities

Gilts irregular with both new tap stocks at discounts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 28	Sep. 6	Sep. 7	Sep. 17
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15

* "New time" dealings may take place from 9.30 am two business days earlier.

Still lacking in inspiration and overshadowed by the troubled engineering industry, reported to be losing at least £400m per week in sales because of the current industrial dispute, the general body of share prices along with longer-dated Government stocks continued to recede as buyers kept to the sidelines.

Individual features were plentiful on company announcements, with Decca prominently weak in the late busines on the near-£400,000 trading loss, while early items took in EMI, down smartly on the overnight news of the breakdown of the £70m deal with Paramount, and Averys, which fell sharply on disappointment with the long-awaited bid from GEC.

In between, first-half profits below market estimates took its toll on S. Pearson, and Racal Electronics continued to weaken in the wake of reports of a police investigation into a subsidiary.

On the general market scene, a further markdown in prices of leading industrials was followed by a gradual downdrift and by 2pm the FT 30-share index was showing a fresh loss of 5.6. Near the official close, however, the tendency improved a little and a continuation of the movement in the after-hours' trade left the index a net 4.5 down at 467.6.

Sterling's easier tendency was partially reflected in a dull market for British Funds which, as expected, saw first-time dealings begin in the new medium- and long-dated tap stocks at discounts to their respective issue levels. The longer issue, Exchequer 12 per cent 1999/2002 A, traded at 29¼ before closing at 29⅜ in £30-paid form, while the medium Treasury 11¾ per cent 1989 ended at 39⅜, as against the £40 payable on application.

Remaining stocks at this end of the market lost a maximum of ½, while the shorts more than regained initial falls of ⅛ to close marginally better on the day. The latest money supply figures had little impact, being much in line with expectations.

A continuation of the recent selective support of Chinese bonds on debt repayment hopes led to a jump of 12 points in the 4½ per cent 1898 issue to £45.

Reflecting a lull in recent institutional demand, rates for investment currency drifted lower despite the easiness in the pound and at the close the premium was a point down at 31¼ per cent. Yesterday's SE conversion factor was 0.8965 (0.8871).

A total of 217 contracts were completed in Traded options, slightly above the previous day's 193. EMI attracted a useful business with 78 trades following the failure of the deal with Gulf and Western.

Banks improve late

Having traded quietly and to slightly lower levels for most of the day, the major clearing banks picked up in the late trade following the money supply figures and closed with improvements ranging to 5. Barclays ended that much better at 425p, after 418p, while Midland closed a few pence dearer at 365p, after 360p. Elsewhere, profit-taking after the recent good rise which followed th efavourable interim figures left Standard Chartered 10 lower at 483p. Hambros declined 5 to 333p among merchant banks where Kleinwort Benson dipped 4 to 148p. In Hire Purchases, UDT softened 2 to 40p.

Prudential were marked a couple of pence higher to 176p following the better-than-expected interim figures in an otherwise lethargic and featureless Insurance sector.

Special situations and trading statements were responsible for most notable movements in Building descriptions. F. P. A. Construction shed a penny to 17p, after 16½p, following the agreed bid from Heywood Williams which held at 39p. Awaiting bid terms from Harrisons and Crosfield, Parker Timber eased 4 to 228p, while the chief executive's departure from the company left Norwest Holst 5 cheaper at 109p. The lower interim profits clipped 10 from Derek Crouch to 160p, but Travis and Arnold hardened a penny to 224p following the half-yearly results. Awaiting today's interim figures, Brown and Jackson firmed 2 to 275p. William Whittingham also added 2, to 99p, but Gough Cooper shed 3 to 99p on profit-taking.

ICI drifted lower in a subdued business and closed 3 cheaper at 354p. Reflecting demand that developed late on Wednesday, Stewart Plastics firmed 4 to 218p, while Plysu added 2 to a 1979 peak of 90p.

Combined English dull

News that the company's chairman is a member of the Sasse underwriting syndicate which is being sued by Lloyd's of London sparked off nervous selling of Combined English which fell to 52p before closing 5 down on balance at 55p. Other Store leaders moved irregularly in quiet trading. Still reflecting enfranchisement and bid hopes, Burton A firmed 2 more to 274p. Elsewhere, renewed profit-taking prompted a fall of 4 to 286p in Harris Queensway, while similar reactions were recorded in Peters, 74p, and H. Samuel A, 183p. MFI Furniture, however, added 4 to 172p on investment demand.

With markets estimates of modest profits, the pre-tax loss and passed final dividend from Decca saw the shares lose 35 to 250p, after 235p, while the A gave up 30 to 245p, after 230p. Wednesday's news of the abandonment of the Gulf and Western deal left EMI 7 lower at 87p, after 82p, while further consideration of the gloomy interim statement clipped 2 from BSR, 40p. Racal continued to weaken on the fraud investigations at a subsidiary and closed 10 off at 248p, while Plessey succumbed to profit-taking and gave up 4 to 123p. Confirmation of the end to the Post Office monopoly of telecommunication equipment lifted Telephone Rentals 7 to 210p and Electrocomponents 3 to 478p.

Early activity in the Engineering sector centred around Averys following GEC's revised cash bid of 245p per share; Averys had opened a shade easier at 273p and plummeted to 240p on the offer before rallying on the Board's immediate rejection to close a net 20 down on balance at 255p; GEC ended 4 off at 385p. Elsewhere, the leaders remained depressed by the continuing labour dispute and the Engineering Employers Federation claim that the industry is losing at least £400m per week in sales because of it. Tubes lost 4 more to a 1979 low of 304p, while Hawker eased 2 to 178p and John Brown softened a penny to 77p. Simon, 262p, WGI, 106p, and Prestwich Parker, 20p, all closed around 4 easier as did Johnson and Firth Brown to 43p and Renold to 103p. By way of contrast, Babcock International, at 131p, retrieved half of the previous day's fall of 12 which followed the disappointing interim results.

Small selling in front of today's half-yearly figures left Tavener Rutledge 7 down at 43p. Elsewhere in Foods, Spillers hardened ½ to 45½p ahead of publication of the document spurning Dalgety's bid which, with Dalgety a share easier at 293p, is worth 48.8p per share. Associated Fisheries again attracted buyers and put on 4 to 60p, while Danish Bacon A added 4 for a two-day gain of 18 to 132p in response to the excellent interim results.

Camrex pleases

A lengthy list of trading statements provided the main interest in miscellaneous industrials. Reflecting the strong profits recovery, Camrex jumped 10 to 46p, while the increased interim earnings prompted a rise of 9 to 139p in British Vita. Sale Tilney, 196p, and Brooks Watson, 35p, improved 4 and 2 respectively in response to half-yearly trading news but Booker McConnell fell 14 to 316p, after 333p, in reaction to the disappointing interim profits.

Reduced first-half profits clipped 2 from Lead Industries at 151p, while United Gas cheapened 2 to 83p following the chairman's bearish remarks at the AGM. The announcement that bid discussions with Provincial Laundries had been terminated saw dealings resume in St Georges Laundries and the close of 23p showed a loss of 8 on price at suspension. A flurry of speculative support helped Bath and Portland improve steadily to finish 7 to the good at 51p, while Crosby House gained a like amount to 214p. Biddle improved 4 to 98p on further consideration of the interim figures but profit-taking prompted a fall of 10 to 185p in Extel. Maurice James hardened a penny to 18½p, after 19p, following news of the company's plan to distribute £1½m to shareholders. The leaders continued quietly dull but closed above the day's lowest in places. Boots cheapened 3 to 194p, after 192p, while Reed International gave up 4 to 178p.

Despite the cautious tone of the accompanying statement, Dutton-Forshaw firmed a penny to 47p following the slightly better-than-anticipated first-half profits. Other Motor Distributors finished narrowly easier after subdued business. British Car Auctions, 66p, and Lex Service, 101½p, both shed 2. Further concern over the present engineering difficulties clipped 8 from Dowty, 311p.

Newspapers traded quietly. Pearson Longman, up to 217p in the early business, settled at the overnight level of 215p despite the lower interim profits. Specialist publishers Benn Brothers met speculative support and ended 5 better at 77p, but Saatchi and Saatchi continued to be unsettled by the TV dispute and slipped another 10 to 112p for a two-day loss of 16. Mills and Allen gave up 15 at 285p following profit-taking.

Leading Properties gave modest ground in the absence of support. Elsewhere, Corn Exchange shed 10 to 305p following the termination of discussions with Rothschild Investment Trust and, despite the higher half-yearly profits and property revaluation, Winston Estates eased 3 to 66p. Trading news made no apparent impression on Trafford Park Estates or Second City Properties which held at their respective overnight levels of 146p and 58p.

Contrast in Oils

Oils presented a distinctly mixed picture. A couple of pence easier awaiting the interim dividend, Shell rallied to the overnight level of 334p on the announcement, while British Petroleum, after a subdued business, shed 15 to 1180p. Outside the leaders, Oil Exploration put on 12 to a 1979 peak of 392p on a combination of North Sea Tiffany field expectations and vague bid rumours. Attock also attracted speculative support and firmed 8 to 178p, after 180p, but, on yield considerations, Burmah, at 163p, gave back nearly all of the previous day's rise of 6 following comment on the good interim figures.

S. Pearson's interim profits setback outweighed the increased dividend and the shares fell 15 to 238p. Elsewhere in Financials, London Merchant Securities, a depressed market since the annual results, found support and finished 5 better at 109p.

James Fisher featured quiet Shippings rising 7 to 202p in response to the interim statement, while Furness Withy added 3 to 266p, after 268p, awaiting further news on the talks between KCA and Eurocanadian. Mersey Docks, however, shed a penny to 18½p following the company's warning of substantial losses and the need for drastic cutbacks in labour.

the eaders, Oi Exporation put on

British Mohair Spinners dropped 5 to 49p following the fall in interim profits, while Carpets International eased 2 more to 53p on further consideration of Wednesday's disappointing mid-term statement. News that Birmingham and Midland Counties Trust has disposed of its near-30 per cent holding in the company had no apparent effect on David Dixon, unchanged at 150p.

RTZ lose ground

Rio Tinto-Zinc shares met continued light selling which pushed the price down 9 to 299p. This easiness spread to other London Financials, leaving Consolidated Gold Fields 4 softer at 236p, Selection Trust 6 lower at 435p, and Charter 2 easier at 140p, after 138p.

South African Financials also turned easier in line with Golds, but trading was at a low ebb. Among other Financials, Minorco met late U.S. buying, recently a spasmodic feature of the market, and advanced 10 to 235p.

Golds tended to drift. Trading was slack and there was no stimulus from the gold price, which closed $3.75 lower at $334.125 an ounce. Falls were common through the list, mainly through marking down, and the Gold Mines Index lost 4.7 to 194.8, while the ex-premium index was 2.4 lower at 174.6.

There was some demand for stocks awaiting dividend declarations and Harmony's fall was confined to 9 at 440p. But among the leaders showing falls were East Driefontein, 41 easier at 682p, Vaal Reefs, ½ lower at £17¼, and Western Deep with a decline of 35 to 885p.

Platinums also fell in sympathy, Rustenburg losing 6 to 132p and Impala 4 to 184p.

By contrast, Australians held steady to firm. Trading was active and prices responded to professional interest from Australia.

Much attention was paid to BH South, the subject of a takeover bid from National Mutual, and the shares rose 14 to 170p. North Broken Hill were 3 lower at 133p. After the rights issue announcement, EZ Industries softened 1 to 274p.

Coppers and Rhodesians were quiet. In a flat Tins market, modest two-way business left Saint Piran 3 down at 80p and South Crofty 1 lower at 37p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
Racal Electronics	25p	13	248	−10	278	168½
BP	£1	10	1,180	−15	1,295	882
Burmah Oil	£1	10	163	−5	168	82
ICI	£1	10	354	−3	415	314
RTZ	25p	10	299	−9	362	236
Babcock Intl.	25p	8	131	+6	198	125
GEC	25p	8	385	−4	456	311
EMI	50p	7	87	−7	144	82
Hepworth Ceramic "New"	nil pd	7	4½ pm	−1½	7 pm	4½ pm
Plessey	50p	7	123	−4	131	101
Shell Transport	25p	7	334	—	402	278
Averys	25p	6	255	−20	285	195
Boots	25p	6	194	−3	238	177
Impl. Group	25p	6	238	−15	296	206
Pearson (S.)	25p	6	238	−15	296	206

FINANCIAL TIMES STOCK INDICES

	Sept. 13	Sept. 12	Sept. 11	Sept. 10	Sept. 7	Sept. 6	A year ago
Government Secs.	72.73	72.73	73.01	73.11	73.18	73.33	70.97
Fixed Interest	73.14	73.48	73.60	73.64	73.67	73.60	72.18
Industrial	467.6	472.1	477.4	476.0	473.5	470.7	535.5
Gold Mines	194.8	199.5	199.3	199.3	188.2	198.3	187.6
Gold Mines (Ex-$ pm)	174.6	177.0	176.9	177.4	168.8	178.6	127.5
Ord. Div. Yield	6.99	6.93	6.86	6.90	6.88	6.93	5.04
Earnings, Yld. % (full)	18.10	17.94	17.80	16.15	17.12	17.86	14.40
P/E Ratio (net) (*)	6.77	6.83	6.90	7.83	7.35	7.30	9.18
Total bargains	14,467	15,549	16,980	15,495	15,825	15,084	−
Equity turnover £m	—	79.43	88.53	63.59	75.35	94.27	123.98
Equity bargains total	—	12,252	13,269	11,959	12,264	12,854	24,284

10 am 468.8. 11 am 468.2. Noon 467.6. 1 pm 467.3.
2 pm 465.5. 3 pm 467.0.
Latest Index 01-246 8026.
*Nil = 6.52.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 2/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.78 (5/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm)	181.1 (8/8)	95.2 (12/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	Sept. 13	Sept. 12
—Daily		
Gilt Edged	102.7	136.5
Industrials	134.1	148.3
Speculative	31.7	31.4
Totals	85.9	92.6
5-d'y Av'r'ge		
Gilt Edged	109.7	112.8
Industrials	140.0	139.2
Speculative	38.1	41.6
Totals	88.2	88.6

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 3	Sep. 14	Dec. 6	Dec. 17
Sep. 17	Sep. 28	Dec. 20	Jan. 7
Oct. 1	Oct. 12	Jan. 10	Jan. 21

For rate indications see end of Share Information Service

Money was given for the call in Premier Oil, Town and City, Allebone, Burmah, Tunnel Cement, EMI, Lake and Elliott, Aurora and Western Mining. No puts were reported, while doubles were arranged in Averys, Erskine House, Brown and Jackson and EMI.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (29)

FOREIGN BONDS (1)
Chinese 4½pc 1898

AMERICANS (1)
GATX

CANADIANS (2)
Hudson Bay Oil Gas · Imperial Oil

BUILDINGS (1)
Whittingham

CHEMICALS (1)
Plysu

ELECTRICALS (2)
Clifford & Snell · Telephone Rentals

ENGINEERING (1)
Greenbank

FOODS (2)
Assocd. Fisheries · Danish Bacon A

INDUSTRIALS (4)
Boot (Henry) · Diploma
Crosby House · United Carriers

NEWSPAPERS (1)
Benn Brothers

SHIPPING (1)
Fisher (J.)

SHOES (1)
Allebone

TEXTILES (1)
Montfort

TRUSTS (1)
West of England

OILS (6)
Attock · LASMO
Century · Oil Exploration
Clyde Petroleum · Woodside

MINES (3)
Minorco · Gold Min. Kalgoorlie
Broken Hill South

NEW LOWS (30)

STORES (1)
[illegible] A

ELECTRICALS (3)
BSR · Berec
Decca · EMI
Do. A

ENGINEERING (14)
Anderson Strathclyd. · GEI International
Aurora · Johnson Firth Brown
Baker Perkins · Prestwich Parker
Boulton (Wm.) · Redman Heenan
Brockhouse · Serck
Brotherhood (Peter) · Tube Investments
CompAir · Weir Group

INDUSTRIALS (4)
Beatson Clark · Ebar
Debsan Park · Whiteley (B.S. & W.)

MOTORS (1)
Lucas Inds.

PAPERS (2)
Bemrose · Oxley Printing

SHIPPING (1)
Mersey Dock Units

TEXTILES (1)
Corah

TRUSTS (1)
Authority Invs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	13	22	61
Corpns. Dom. and Foreign Bds.	4	28	35
Industrials	150	343	[illegible]
Financial & Prop.	68	95	344
Oils	12	7	20
Plantations	3	2	23
Mines	15	64	89
Others	31	64	57
Totals	296	623	1,515

APPOINTMENTS

Chief executive change at Procter and Gamble in UK

Mr. B. J. Hintz is to become managing director of PROCTER AND GAMBLE LIMITED from October 1 in place of Mr. A. D. Garrett. Mr. Hintz, deputy managing director since July, 1979, joined Procter and Gamble in the U.S. in 1964 and has spent most of his career in the company's European organisation. Mr. Garrett, vice-president—international of the Procter and Gamble Company of Cincinnati is leaving Procter and Gamble Limited to take up an appointment at European headquarters in Brussels.

★

Mr. Michael J. Haynes has been made a partner in DONALD SMITH SEYMOUR AND ROOLEY, consulting engineers.

★

Mr. Paul D. Hodgkinson has been appointed a director of NORMAN FRIZZELL MIDLANDS.

★

Dr. David Edmond is to become production director of JOHN PLAYER AND SONS following the retirement of Mr. Nevil R. Poole on October 31. Dr. Edmond is at present research and development director and has been on the Player's board since February, 1975. On November 1, 1979, Mr. John Finnigan takes up the new board position of technical director. Mr. Ted Hill, accounting director, will be responsible for the management services department from that date.

★

Mr. William R. Roesch, president and chief operating officer of United States Steel Corporation, has been elected to the board of ROCKWELL INTERNATIONAL CORPORATION. Mr. K. Robin Thompson has been appointed director of European marketing development and coordination for Rockwell International's automotive operations. Mr. Charles D. Cunningham has been named general managing director of ROCKWELL MAUDSLEY and ROCKWELL THOMPSON, both part of Rockwell International's European automotive operations.

★

Mr. Eric Dore has been appointed to the newly-created position of chief advisory engineer for the Greater London Region of the CEMENT AND CONCRETE ASSOCIATION.

★

Mr. K. W. Cook has been appointed to the board of ELECTRONIC RENTALS GROUP as a non-executive director. He is director of finance and planning at Philips Electronic and Associated Industries.

★

ALBANY LIFE ASSURANCE COMPANY has appointed Mr. Rodney Churchill as assistant manager at its London broker branch and Mr. Alan Moodie, assistant manager, Bristol broker branch. Both were previously broker consultants with their respective branches.

★

The Secretary for Energy has appointed Mr. J. J. Wilson, as a member and deputy chairman of the MIDLANDS ELECTRICITY BOARD for five years from October 1. He has been chief engineer with that Board for just over a year. Mr. Wilson succeeds Mr. D. I. Morphet who has returned to the Department of Energy after a period of secondment.

★

Mr. Iain Fisher has been appointed commercial director of LEOPOLD WALFORD SHIPPING. He will be responsible for developing the company's services, particularly its container trade.

★

Mr. Raymond Godsall and Mr. Graham Batt have been appointed assistant directors of ATKIN RAGGETT.

★

Four changes have been made within AMAX SPECIALITY METALS CORPORATION, a subsidiary of Amax Inc. Mr. C. H. Kromer has been elected senior vice president; Mr. Dennis P. Kelly, vice president and controller; Mr. William J. Pennington, assistant to Mr. C. E. Phayre, vice president and general manager of the Allows Division; and Mr. Elmer Sunday, manager of the Orangeburg, South Carolina plant of the Alloy Division.

★

Sir Edward Fennessy, has joined the Board of IMA MICROWAVE PRODUCTS and has become chairman. The company is a newly formed subsidiary of Incentive AB, Sweden. Sir Edward was deputy chairman of the Post Office Corporation from 1975-77.

★

Mr. David Jux, assistant personnel controller for the Rank Organisation, has been appointed personnel controller of BUTLIN'S from September 17 in succession to Mr. R. L. Webb, now head of Butlin's new division, Leisure Caravan Parks. Mr. Jux joined Rank in 1970.

★

Mr. J. B. H. Wilson, group marketing adviser, IMPERIAL GROUP, will retire from the Board on September 30 for other interests, but will remain as consultant to the group.

★

Mr. John S. Rodewig has been appointed a vice-president of EATON CORPORATION and will be responsible for truck components in Europe. He will be based at Hounslow, Middlesex.

★

CHRISTOPHER MORAN GROUP, the insurance broker with Lloyd's interests, has appointed Mr. Victor Wood as a non-executive director. Mr. Wood is a non-executive director of a number of other public companies and is a member of the Council of the British Insurance Brokers Association and a deputy chairman of Lloyd's Insurance Brokers Committee.

LONDON TRADED OPTIONS

Option	Exerc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	83	4	150	—	185	—	1178p
BP	1200	20	—	85	3	125	—	"
BP	1300	3	3	40	—	75	—	"
GEC	360	31	—	64	8	66	—	384p
GEC	390	12	—	34	—	49	10	"
GEC	420	4	—	22	12	36	—	"
GEC	460	1	—	9	5	—	—	"
ICI	330	26	5	41	—	51	—	355p
ICI	360	7	46	19	—	28	—	"
Marks & Sp.	120	¾	—	3½	1	7	—	108p
Totals			61		28		10	
		November		February		May		
EMI	90	6	25	10	6	15	6	88p
EMI	100	2	13	5	—	12	10	"
EMI	110	1	10	4	—	—	—	"
EMI	130	½	8	—	—	—	—	"
RTZ	280	32	—	44	17	[illegible]	—	[illegible]
RTZ	300	21	—	33	—	46	14	"
RTZ	330	10	—	16	9	31	—	"
Totals			56		32		30	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
¶¶	F.P.	24/8	75	60	Arrow Chemicals	72	.....	b2.0	[illegible]	4.0	15.5
¶¶	F.P.	—	90	80	Barlow Hldgs.	90	.....	T3.6	1.1	4.1	31.5
160	F.P.	5/9	193	188	Mercantile House	193	+1	10.72	2.5	7.9	7.9
**	F.P.	10/8	37	25	Mettoy Dfd.	34	.....	—	—	—	—
¶¶	F.P.	—	38	30	St. George Assets 10p	38	.....	bd1.0	[illegible]	3.8	[illegible]
**	F.P.	—	200	168	Seltrust A. 5oc.	176	+2	—	—	—	—
160	F.P.	8/8	244	192	Standard Tel. & Cables	238	.....	b3.0	[illegible]	4.8	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	84	Aurora 8¼ Conv. Cum. Pref.	84	—
**	F.P.	21/9	107p	101p	Bradford Prop. 10½% Cum. Pref.	107p	+1
¶	£10	—	12	12	Eastbourne Waterworks 8% Red. Pref.	12	.....
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	95xd	.....
¶96½	£10	29/11	12¼	8¾	Essex Water 8% Red Pref. 1984	11¼	.....
¶¶	F.P.	—	73½	70	Lonrho 9% 2nd Mort. Deb. 87/92	71xd	.....
¶¶	F.P.	—	90½	85	Do. 12¾% 2nd Mort. Deb. 85-90	89½xd	.....
¶¶	F.P.	—	99	93	Do. 12⅞% 2nd Mort. Deb. 80-85	96xd	.....
97	F.P.	24/8	99¼	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98¼	.....
100p	—	7/9	103p	100p	Stonehill 10½% Cum. Prf.	102pm	.....
¶98	F.P.	14/8	101⅛	100⅛	Sund. & S. Shields Water 8% 1986	101⅛	.....
¶98	F.P.	18/10	101¾	98½	Wrexham Water 8% 1984	101¼	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing Price p:	+ or −
14	F.P.	23/8	21/9	19	17	Abwood Machine Tools	18	—
110	F.P.	4/9	19/10	130	125	Bank Leumi	130	—
A$2	Nil	—	—	60pm	37pm	Bank of New South Wales	58pm	+2
20	Nil	—	—	12pm	11pm	Benlox	11pm	.....
21	F.P.	7/9	29/9	26	24	Dares Estates	24	.....
125	Nil	—	—	24pm	17pm	Estates Property Inv.	21pm	−2
R1.20	Nil	—	—	4pm	1pm	F.U.G.I.T.	4pm	+1
115	F.P.	20/8	21/9	138	124	Hay's Wharf	136	.....
95	Nil	—	—	7pm	4½pm	Hepworth Ceramics	4½pm	−1½
30	F.P.	—	—	43	36	Lennons	41pm	.....
110	F.P.	5/9	26/9	139	130	Letraset	136	−1
5	F.P.	29/8	18/9	13	5	London Inv. Trust	13	+½
115	F.P.	14/9	12/10	147	120½	Macarthys Pharm.	147	+6
40	Nil	—	—	10pm	8pm	Nolton	10pm	.....
A$3	Nil	—	—	195pm	160pm	Peko-Wallsend	192pm	−4
¶¶	Nil	—	—	90pm	76pm	Seltrust	84pm	−2
145	F.P.	13/9	19/10	224	193	Unitech	220	−4
10	F.P.	5/9	17/10	12	10½	Yorkgreen Inv.	10½	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., Sept. 13, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Sept. 12 Index No.	Tues., Sept. 11 Index No.	Mon., Sept. 10 Index No.	Fri., Sept. 7 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	244.98	−0.8	17.56	5.87	7.31	247.05	249.82	248.83	247.59	256.28
2	Building Materials (27)	235.75	−0.4	17.14	5.80	7.56	236.69	237.47	234.98	234.23	226.00
3	Contracting, Construction (28)	392.06	−0.7	23.34	5.69	5.34	394.82	394.40	392.76	390.92	419.51
4	Electricals (15)	628.45	−1.1	12.95	3.69	10.34	635.45	644.74	645.33	636.38	573.88
5	Engineering Contractors (12)	338.73	+1.1	21.47	7.14	5.82	335.11	347.04	344.76	347.91	380.99
6	Mechanical Engineering (74)	167.44	−1.3	20.01	6.96	6.35	169.71	172.13	170.98	170.92	204.75
8	Metals and Metal Forming (16)	159.68	−0.7	19.60	9.39	6.34	160.78	161.99	161.97	162.16	180.39
	CONSUMER GOODS										
11	(DURABLE) (52)	238.86	−1.4	15.42	5.21	8.14	242.15	247.67	244.36	240.34	226.17
12	Lt. Electronics, Radio, TV (16)	342.78	−1.7	11.84	4.16	10.90	348.79	358.49	352.57	344.11	278.77
13	Household Goods (13)	145.93	−0.5	19.90	7.48	6.16	146.71	148.96	147.87	147.16	190.17
14	Motors and Distributors (23)	111.32	−0.6	24.03	7.53	5.05	111.97	113.18	112.48	112.66	135.09
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	238.38	−0.7	16.57	5.97	7.50	240.11	242.46	240.35	238.21	228.23
22	Breweries (14)	289.06	−0.9	15.72	5.29	7.59	291.68	294.00	291.04	288.67	240.43
23	Wines and Spirits (6)	333.20	−0.1	16.46	5.40	7.55	333.50	337.46	334.51	328.96	301.24
24	Entertainment, Catering (17)	310.02	−1.4	15.98	6.56	8.21	314.39	319.35	317.21	309.89	281.53
25	Food Manufacturing (19)	210.04	−0.2	18.91	6.38	6.56	210.39	213.49	212.92	211.10	223.85
26	Food Retailing (15)	307.69	−0.5	13.25	4.16	9.09	309.28	312.03	308.56	308.00	237.92
32	Newspapers, Publishing (12)	425.42	−0.2	22.47	6.84	6.13	426.48	428.46	425.79	423.28	421.75
33	Packaging and Paper (15)	130.62	−1.1	22.60	8.58	5.70	132.04	131.36	131.06	131.47	155.65
34	Stores (41)	239.56	−0.8	12.33	4.35	10.62	241.50	243.67	240.76	238.13	217.99
35	Textiles (23)	155.59	−0.5	23.59	9.88	5.35	156.32	157.75	155.73	153.94	186.59
36	Tobaccos (3)	243.38	−1.0	23.42	9.14	4.82	245.94	248.32	246.63	246.49	259.41
37	Toys and Games (6)	71.41	+0.2	24.20	9.43	5.25	71.24	72.89	71.99	71.99	125.21
41	OTHER GROUPS (99)	206.04	−0.4	15.57	6.19	7.87	206.82	208.63	207.52	208.03	223.24
42	Chemicals (18)	288.31	−0.6	17.68	6.70	6.60	290.09	292.22	289.24	295.37	315.28
43	Pharmaceutical Products (7)	227.93	−0.3	12.27	5.07	9.96	228.53	230.79	232.16	228.07	291.13
44	Office Equipment (6)	121.89	+0.1	16.39	6.89	7.63	121.74	123.85	123.70	121.00	149.68
45	Shipping (10)	462.71	−0.1	11.46	6.48	11.13	463.06	465.49	458.39	460.81	453.78
46	Miscellaneous (58)	243.79	−0.4	15.95	6.11	8.02	244.71	246.79	245.40	245.41	236.56
49	INDUSTRIAL GROUP (494)	239.55	−0.7	16.50	5.94	7.58	241.29	243.92	242.19	240.76	241.43
51	Oils (6)	634.86	−0.6	17.82	6.69	6.04	639.00	637.41	634.74	630.06	520.59
59	500 SHARE INDEX	271.71	−0.7	16.72	6.07	7.26	273.65	276.00	274.18	272.50	265.03
61	FINANCIAL GROUP (116)	193.49	−0.1	—	5.48	—	193.63	196.02	194.06	192.84	177.77
62	Banks (6)	222.05	+0.7	37.23	5.77	3.43	220.47	223.81	221.06	216.03	200.93
63	Discount Houses (10)	257.27	−0.8	—	7.14	—	259.45	259.45	259.45	259.45	216.34
64	Hire Purchase (5)	171.40	−1.2	19.36	5.07	6.62	173.51	173.61	173.43	172.98	168.35
65	Insurance (Life) (10)	162.50	+0.3	—	6.26	—	162.09	164.99	163.17	159.82	146.89
66	Insurance (Composite) (8)	126.33	−0.4	—	7.44	—	126.82	129.65	129.36	127.98	138.03
67	Insurance Brokers (10)	277.78	+0.5	18.02	6.60	7.94	276.42	280.51	274.97	272.87	354.48
68	Merchant Banks (14)	102.55	−1.3	—	5.37	—	103.89	103.04	101.72	101.60	87.82
69	Property (43)	365.26	−0.3	3.40	2.59	43.01	366.20	368.93	365.53	364.91	266.83
70	Miscellaneous (10)	123.62	−1.7	15.05	7.17	8.51	125.70	124.80	122.02	121.94	116.71
71	Investment Trusts (110)	215.23	+0.2	—	5.31	—	214.87	215.77	213.58	213.65	237.77
81	Mining Finance (4)	128.68	−2.2	15.48	5.87	7.92	131.62	133.19	132.78	129.51	114.81
91	Overseas Traders (20)	343.54	+0.1	15.24	7.39	8.02	343.23	345.29	345.71	344.94	334.23
99	ALL-SHARE INDEX (750)	249.73	−0.6	—	5.95	—	251.14	253.41	251.60	249.84	242.30

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Sept. 13	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.03	+0.04	—	6.66
2	5-15 years	117.16	−0.04	—	7.55
3	Over 15 years	122.92	−0.08	—	9.65
4	Irredeemables	135.16	−0.80	—	9.02
5	All stocks	114.32	−0.03	—	7.96

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Thurs., Sept. 13	Wed., Sept. 12	Year ago (approx.)
1	Low Coupons	5 years	10.22	10.22	8.79
2		15 years	10.69	10.68	10.79
3		25 years	11.16	11.13	11.48
4	Medium Coupons	5 years	12.14	12.13	11.51
5		15 years	12.25	12.24	12.01
6		25 years	12.36	12.35	12.02
7	High Coupons	5 years	12.56	12.57	11.44
8		15 years	12.74	12.72	12.53
9		25 years	12.63	12.61	12.74
10	Irredeemables		10.92	10.92	11.49

		Thurs., Sept. 13 Index No.	Thurs., Sept. 13 Yield %	Wed. Sept. 12	Tues. Sept. 11	Mon. Sept. 10	Fri. Sept. 7	Thurs. Sept. 6	Wed. Sept. 5	Tues. Sept. 4	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.32	†12.73	58.50	58.75	58.75	58.85	58.76	58.67	58.61	57.67
16	Investment Trust Prefs. (15)	51.46	13.02	51.72	51.50	51.50	51.63	51.63	51.63	50.71	51.18
17	Coml. and Indl. Prefs. (20)	71.19	12.59	71.29	71.32	71.32	71.28	71.28	71.17	70.91	71.20

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgrs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd.

Charities Official Invest. Fund

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Target Tst. Mngrs. (Scotland) (a)(b)

Tower Unit Trust Mgmt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

NOTES

[illegible]

INSURANCE & PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Cheiftain Assurance Funds

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Gartmore Bonds

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London & Manchester Ass. Gp.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

New Zealand Ins. Co. (UK) Ltd.

NPI Pensions Management Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & O'SEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

Intl. Interbaker

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Management Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mngrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank International, Geneva

Lloyds International Mgmt. S.A.

M & G Group

Midland Bank Tst. Corp. (Jersey) Ltd.

Samuel Montagu Ldn. Agents

Murray, Johnstone (Inv. Adviser)

Nat. Westminster Jersey Fd. Mgrs. Ltd.

Negit S.A.

Negit Ltd.

Pacific Basin Fund

Phoenix International

Providence Capitol Life Ass. Co. Ltd.

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mgt. (Bermuda)

Royal Trust (C.I.) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents.

Standard Chartered Intl. Bd. Fd.

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

TSB Unit Trust Managers (C.I.) Ltd.

TSB Gilt Fund Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Unilife Assurance (Overseas) Ltd.

Union-Investment-Gesellschaft mbH

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

Wren Commodity Trust

FT SHARE INFORMATION SERVICE

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"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 11¾% (based on US$2.2115 per £)

Conversion factor 0.6965 (0.6871)

CANADIANS

[illegible]

S.E. List Premium 11¾% (based on $2.5731 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

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[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
15	4	ACM 20c.	12	......	—	—	—
70	50	Bond Corp.	61	......	—	—	—
171	100	Bougainville 50 Toea	140	−1	†Q15c	1.0	5.6
170	84	BH South 50c	170	+14	♦—	—	—
860	340	Central Pacific	800	......	—	—	—
318	170	Conzinc Riotinto 50c.	226	......	NQ10c	2.0	2.3
36	16	Cultus Pacific N.L.	22	......	—	—	—
17½	5	Eagle Corp. 10c.	17½	......	—	—	—
21½	11	Endeavour 20c	19	+1	—	—	—
111	62	G.M. Kalgoorlie $1	111	+1	Q3c	ϕ	1.4
42	23	Haoma Gold N.L.	40	......	—	—	—
240	148	Hamptn Areas 5p.	240	......	3.5	2.8	2.1
71½	25	Metals Ex. 50c	46	+1	—	—	—
275	168	M.I.M. Hldgs. 50c	218	+3	Q17c	ϕ	4.1
15	15	Minefields Expl.	15	......	—	—	—
74	30	Mount Lyell 25c.	58	+2	—	—	—
44	14	Newmetal 20c	15	......	—	—	—
141	91	North B. Hill 50c.	133	−3	Q12c	ϕ	4.7
22	11	Nth. Kalgurli	20	......	—	—	—
83	45	Nth. Mining Corp.	75	+1	—	—	—
40	35p	Nth. West Mining	39p	+1	—	—	—
137	76	Oakbridge $A1	114	......	Q12c	ϕ	5.5
54	22	Oilmin N. L.	50	+1	—	—	—
120	58	Pacific Copper	115	......	—	—	—
£10¼	625	Pancont'l 25c	850	......	—	—	—
32½	15½	Paringa M&Ex 5p	30½	+½	—	—	—
450	248½	Peko-Wallsend 50c.	378xr	......	†Q17.5c	ϕ	2.4
340	145	Southern Pacific	310	+5	—	—	—
29	11	Swan Resources 20c.	21	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
192	121	Westn. Mining 50c.	192xd	......	Q7c	ϕ	2.0
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c.	60	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.81	1.3	14.9
435	265	Ayer Hitam $M1	330	......	Q300c	0.5	19.5
72	49	Berall Tin	49	......	4.0	3.3	11.7
270	175	Berjuntai $M1	185	......	Q95c	1.0	11.9
160	125	Geevor	128	......	8.71	3.1	9.7
10½	8	Gold & Base 12½p	9	......	—	—	—
365	295	Gopeng Cons.	305	......	†18.0	1.4	8.4
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	85	......	†8.0	1.6	13.4
14	9½	Jantar 12½p	12	......	♦—	—	—
95	58	Kamunting $M0.50	75	......	Q47½c	1.1	14.2
620	210	Killinghall $M1	320	......	—	—	—
465	365	Malay Dredging $M1	430	......	†175c	0.7	1.5
57	28	ΔPahang	31	......	—	—	—
123	60	Pengkalen 10p	117	......	4.5	1.2	5.7
275	195	Petaling $M1	235	......	†Q120c	1.3	11.0
87	62	Saint Piran	80	−3	†2.03	6.5	3.6
58	34	South Crofty 10p	37	−1	3.0	2.0	11.6
230	170	South Kinta $M0.50	195	+5	Q150c	1.0	17.3
405	285	Sthn Malayan $M1	370	+5	†Q190c	1.0	11.0
310	210	Sungei Besi $M1	220	......	Q520c	1.0	53.4
75	40	Supreme Corp. $M1	40	......	ZQ10c	—	5.4
105	93	Tanjong 15p	93	......	7.5	0.7	11.5
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	215	......	Q25c	5.2	2.6

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	97	−1	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	65	......	—	—	—
13½	10	Burma Mines 17½p	10½	......	—	—	—
345	170	Cons. Murch. 10c.	325	......	ZQ30c	—	4.7
440	290	Northgate C$1	385	−15	—	—	—
362	226	R.T.Z.	299	−9	11.5	2.7	5.5
31	18	Robert Mines	20	......	—	—	—
65	30	Sabina Inds. C$1	37	......	—	—	—
880	525	Tara Exptn. $1	555	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$19½	$10½	Buffels R1	$18⅝	−½	Q200c	ϕ	13.0
$15½	890c	East Drie R1	$13½	−⅝	†Q115c	1.6	10.5
$11½	350	East Rand Prp R1	$10¼	−⅛	†Q10c	—	1.2
$32¼	$18¼	F.S. Geduld 50c	$30¾	−⅞	†Q315c	2.4	12.4
$22¼	$11⅞	Pres. Brand 50c	$21¼	−½	†Q150c	3.2	8.5
$21⅜	$10¼	St. Helena R1	$21⅛	......	†Q190c	1.4	10.9
795c	407c	Stilfontein 50c	760c	−15	†Q66c	1.7	10.5
$37	$18¼	Vaal Reefs 50c	$34¼	−⅞	†Q280c	2.7	10.2
$52	$28¾	West Drie R1	$48¼	−1¼	Q615c	ϕ	15.3
$40¼	$22¼	West Hldgs. 50c.	$37¼	−¼	†Q415c	1.4	13.5
$18⅝	$10⅝	Western Deep R2	$17½	−⅝	†Q147½c	2.1	10.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution: bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sindall (Wm.)	170	......
Bertam	21	......	**IRISH**		
Bdg'wtr. Est. 50p	420xd	+5	Conv. 9% '80/82	£88⅞	......
Clover Croft	28	......	Nat. 9¾% 84/89	£73¼	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£80⅞	......
Dyson (R. A.) A	24	......	Alliance Gas	70	−5
Ellis & McHdy	180	......	Arnott	330	......
Fife Forge	50	......	Carroll (P.J.)	57xc	......
Finlay Pkg. 5p	19½	......	Clondalkin	82	+2
Graig Ship. £1	385	......	Concrete Prods	87	+1
Higsons Brew	70	......	Heiton (Hldgs.)	78	......
Holt (Jos) 25p	255	......	Ins. Corp.	190	......
I.O.M. Stm. £1	142	......	Irish Ropes	72	......
Pearce (C. H.)	285	......	Jacob	35	......
Peel Mills	30	......	T.M.G.	145	......
Sheff. Refrshmt	105	......	Unicare	85	......

OPTIONS
3-month Call Rates

Industrials

		I.C.I.	24	Tube Invest.	30
A. Brew	9	"Imps"	8	Unilever	55
BOC Intl.	6	I.C.L.	55	U.D.T.	5
B.S.R.	7	Inveresk	7	Utd. Drapery	10
Babcock	18	KCA	5	Vickers	18
Barclays Bank	32	Ladbroke	22	Woolworths	7½
Beecham	52	Legal & Gen.	14		
Blue Circle	18	Lex Service	11	**Property**	
Boots	18	Lloyds Bank	25	Brit. Land	7½
Bowaters	18	"Lots"	5	Cap. Counties	9
B.A.T.	28	London Brick	7	Land Secs.	25
Brown (J.)	50	Lonrho	8	MEPC	17
Burton 'A'	26	Lucas Inds.	25	Peachey	13
Cadburys	7	"Mams"	18	Samuel Props.	14
Courtaulds	10	Mrks. & Spncr	11	Town & City	2¼
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	14	**Oils**	
Dunlop	6½	Nat. West. Bank	28	Brit. Petroleum	100
Eagle Star	14	Do. Warrants	15	Burmah Oil	13
E.M.I.	12	P & O Dfd.	10	Charterhall	5
Gen. Accident	21	Plessey	10	Premier	5
Gen. Electric	35	R.H.M.	5	Shell	25
Glaxo	50	Rank Org.	25	Ultramar	25
Grand Met.	14	Reed Intnl.	16		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	24	Spillers	4½	Charter Cons.	16
G.K.N.	28	Tesco	7	Cons. Gold	20
Hawker Sidd.	26	Thorn	35	Rio T. Zinc	27
House of Fraser	18	Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday September 14 1979

Averys rejects GEC bid of £90m

BY ANDREW FISHER

GENERAL ELECTRIC Company finally made a £90.4m bid yesterday for the Averys weighing machine company in response to the go-ahead from the Monopolies Commission, but was met with an immediate rejection.

The terms of 245p cash per share with a loan stock alternative were initially described as "derisory" by Mr. Richard Hale, chairman of Averys, whose share price movement also reflected the market's hope that GEC, flush with cash, might raise its offer.

Once the GEC price was known yesterday morning, the Averys shares slid by 35p to 240p, recovering later in the day to close 20p lower at 255p. At this level, the company is valued in the market at just over £94m. GEC shares closed 4p down at 385p.

When GEC, with cash resources of £750m, made its first approach, it said an offer of 225p a share, or £83m, was being considered.

This was at the end of last November and GEC's interest was an expression of its desire to expand into electronics and industrial systems based on micro-computer technology.

Averys, which is being advised by J. Henry Schroder Wagg, said last night that the offer was totally unacceptable and proposed to make no more comment until it saw the formal offer documents, which will probably be issued next week.

Specialised

The Midlands-based company has reported a slight rise in pre-tax profits last year to £15.6m from £15.4m. Mr. Hale said last night: "We believe that this is a specialised business and best run by specialists."

One of Averys' biggest shareholders is Britannic Assurance, which has a 6.4 per cent stake. Mr. Hale said that Britannic had strongly indicated its support for Averys at an early stage, adding that he had no reason to think it had changed its mind. The Kuwait Investment Office has a 7.25 per cent holding.

In its statement accompanying the bid terms, GEC said it was confirmed in its opinion that the addition of Averys would benefit both concerns and lead to an expansion of Avery's business.

GEC, whose advisers are S. G. Warburg, noted that the offer price was 44 per cent higher than the 170p market price of Avery's Ordinary shares just before the first announcement of talks on November 30 last year.

Sir Arnold Weinstock, GEC's managing director, commented after last week's annual meeting that no immediate decision to bid had been made in the wake of the approval by the Monopolies Commission.

Yesterday, GEC said it regarded its 245p offer level as "a full and fair price," which it felt should be supported and recommended by the directors of Averys.

Commons move to combat U.S. anti-trust law

BY PAUL CHEESERIGHT

LEGISLATION to give companies and individuals in the UK some protection from the provisions of U.S. anti-trust law is to be introduced by the Government when Parliament reassembles next month.

The aim will be to prevent U.S. anti-trust judgments being enforced in the UK. There will also be tighter control over the type of information which is provided to the U.S. authorities when they are carrying out investigations under the terms of their own law.

The legislation reflects the anger of successive UK Governments at what are seen as U.S. attempts to impose on other countries its own domestic regulations. It is in line with protective steps taken by several other governments, most recently the Australian.

There are two major problem areas: First the attempts to bring foreign companies to trial before U.S. courts for actions taken outside the U.S.; and second the attempted application of U.S. law not only to companies active in the U.S., but to subsidiaries and affiliates not trading in the U.S.

The legislation has two main elements. First, it will enlarge existing official powers to stop information being given to foreign courts or investigations, strenthening the barriers against the provision of information already enshrined in the Shipping Contracts and Commercial Documents Act, 1964.

Second, it will prohibit in the UK the enforcement of a range of U.S. court judgments, including these involved with anti-trust. Once the criteria for prohibition are laid down, the matter of enforcement will become a question for the courts.

The UK moves will be announced this evening by Mr. John Nott, the Trade Secretary, when he speaks in Los Angeles to the British American Chamber of Commerce.

Mr. Nott will tell the chamber that British sovereignty must be respected. He will argue that the Government must be told about any steps proposed by U.S. law enforcement authorities which will affect the UK. He will point out that the principle of international comity must apply both ways.

Mr. Nott's concern about U.S. anti-trust laws was made clear to Mr. Cyrus Vance, the U.S. Secretary of State, last June in the aftermath of a U.S. court decision to indict seven trans-atlantic shipping groups for alleged anti-trust offences related to the setting of freight rates.

The point was made that the shipping companies, including Bibby Line and Cunard, had not acted in contravention of their own laws.

Shipping is the immediate cause of the Government's decision to bring in legislation. But it is doubtful if the legislation would have been framed had not the Law Lords supported Rio Tinto-Zinc, in December 1977, in its efforts to avoid giving evidence in a case related to the complex uranium cartel litigation involving Westinghouse Electric.

At that time Lord Wilberforce said the courts should speak with the same voice as the executive. The Government's plans now seek to translate an often-expressed attitude into law, with the protection of sovereignty as the basic issue.

For the Government, the issue of preserving British sovereignty rides hand in hand with a concern to eleminate impediments to trade. The economic interdependence of Western nations, and particularly the large investment between the U.S. and the UK requires considerable sensitivity when it comes to the effects of one nation's actions on another, Mr. Nott will say in Los Angeles.

As a side issue, Mr. Nott will also raise the practice of some western U.S. states, including California, of taxing foreign companies active in the state on the basis of a proportion of their total, rather than on their local earnings.

This issue, which has held up the implementation of the U.S.-UK tax treaty, will be discussed in California by Mr. Peter Rees, the Minister of State at the Treasury, when he arrives for talks with the state authorities tomorrow.

Editorial comment, Page 24

European Court questions legality of British fisheries measures

BY MARGARET VAN HATTEM IN BRUSSELS

THE ADVOCATE - GENERAL of the European Court of Justice, has cast serious doubt on the legality of national fisheries measures introduced by Britain in the last two years. He said the measures, introduced in 1977, clearly violated EEC regulations.

His comments have come at a crucial time for Britain which is about to resume negotiations for a Common fisheries policy with its EEC partners.

Last year Britain introduced a series of national measures which it claimed were in the interest of fish conservation. However these were referred to the European Court of Justice by the Commission after complaints from other member States that they discriminated in favour of British fishermen.

Further legal proceedings have begun in relation to similar British measures introduced last July.

The Court of Justice, which is expected to give a definite ruling by early November, is not bound by the Advocate-General's opinion, but usually follows his recommendations.

Mr. Gerhard Reischl, the Advocate-General, was giving his opinion in a case brought by the French Government relating to the arrest in UK waters and fining in 1977 by Britain of a French shrimp trawler, the Cap Caval.

Britain had argued that the trawelr, by using a fine mesh and catching more than a specified maximum quantity of fish along with the shrimps, had violated a British regulation.

But Mr. Reischl said that Britain had informed neither the EEC Commission nor other member States before implementing this measure and that this constituted a clear violation of EEC regulations. He recommended that Britain be ordered to pay costs in the case.

Mr. Reischl said that Britain had the right to ntroduce national measures during its period of accession to the Community, which expired at the end of last year. But even during that period, these measures could be taken only after close collaboration with the EEC Commission.

In such a case, the member State had to seek the approval of the Commission, although it did not need to await formal approval before proceeding. If, however, the Commission rejected the proposed measures, the State could not simply proceed in defiance but had to consult further with the Commission.

The Commission claims that in the measures Britain introduced this year and last year, such procedure was not observed.

ITT writes off $320m on mill closure

BY JOHN WYLES IN NEW YORK

INTERNATIONAL Telephone and Telegraph will make the largest single charge against earnings in its history by writing off $320m (£145m) against the closure of a chemical cellulose mill in Quebec, Canada.

The mill was built at Port Cartier by ITT's Rayonier for $400m five years ago. It has suffered numerous technical and labour problems and has lost $108m in the last two fiscal years. It has been shut down by a strike since June 8.

The new management, under Mr. Rand V. Araskog, ITT's chairman and chief executive, has decided to close it.

Mr. Araskog took over in July from Mr. Lyman Hamilton, who was sacked by the ITT Board because of policy differences. These included disagreements with Mr. Harold Geneen, the company's chairman and principal architect for 19 years.

The change at the top was expected to reduce the possibility of major ITT closures of ailing businesses. Last month Mr. Araskog apparently abandoned Mr. Hamilton's plan to sell off ITT's European consumer electronics business.

But Port Cartier will be closed. The mill, which supplies manufacturers of rayon and special quality absorbent paper, has never operated at its full capacity of 265,000 tons a year.

It employs 1,300 people, but workers have been difficult to attract and retain because it is remote. The strike has not apparently caused any shortages among chemical cellulose users.

ITT says it is considering alternatives for the mill. It has ruled out further investment in a bid to make it profitable. The company is almost certainly hoping to find a buyer which would enable it to recoup some of its investment.

The write-off will take $2.25 per share off ITT's third quarter earnings, probably leaving the company with a net liss of about $160m.

Mr. Araskog says that ITT's other businesses, including Rayonier, have performed strongly. Without Port Cartier, Rayonier remains a potent force in chemical cellulose manufacturing, with a production capacity of 1.2m tons a year.

News Analysis Page 34

Attack on perks to be delayed 18 months

BY DAVID FREUD

THE GOVERNMENT'S planned attack on perks and fringe benefits will not become effective for at least 18 months.

This was made clear by Sir Geoffrey Howe, the Chancellor, last night when he reaffirmed the Government's determination to push ahead with its proposals. He told the Institute of Directors in London that the spread of benefits in kind had in many cases gone beyond the "fringe of sanity."

But he assured the institute, which has strongly opposed a recent Inland Revenue consultative document on taxing company car benefits more realistically, that the higher taxing of benefits would not come into effect until the 1981-82 financial year.

"Perks are an inefficient and often wasteful way of rewarding effort. And unjust. Some perks are taxed in full. Others pay no tax on identical benefits," Sir Geoffrey said.

"The whole chaos might almost have been designed to set people enviously against each other, and so bring our system into contempt."

He denied that the taxing of car and petrol benefits would cancel out the Budget tax relief, as the institute and other bodies, including the Confederation of British Industry had suggested.

"Any action that is taken will be considered with our overall strategy of reducing income taxes and improving incentives."

The Government did not intend to tax perks before the next Budget. Sir Geoffrey made the same statement in a letter sent yesterday to Sir John Greenborough, president of the CBI.

This means that changes cannot be brought into force until the 1981-82 financial year, since the Revenue said in the consultative document that an Order would have to be laid in Parliament by early November if the personal tax codes were to be ready in time for the next financial year.

But the Revenue said that 1981-82 was in any case the earliest that the main and most contentious part of the proposed changes—the abolition of the earnings threshold, at present £8,500 below which the benefit is not taxed at all—could be implemented.

John Elliott writes: The Chancellor's announcement that he is not proceeding immediately with tax changes on perks follows a toughly worded letter sent to him a few days ago by Sir John Greenborough, president of the CVI.

This letter said it would be "quite wrong to hurry through" the proposals on car and petrol taxation by using Parliamentary statutory orders, as suggested in the Inland Revenue consultative document.

It also warned that middle managers would be in "no way spurred on to greater efforts" if they saw the last Budget's taxation benefits being "quickly swallowed up" by an attack on perks.

Most businessmen would see such a move as "much too narrow an approach" to the broad and complex subject of rewards and taxation. The car industry would suffer, as would salesmen for whom company cars were "genuine tools of their trade."

Sir John's letter carried special weight because it was written as a result of a discussion on the subject in the CBI president's committee which consists of about 20 top industrialists and other business representatives.

Continued from Page 1

Outflow

believe that after taking account of the external influences, there may now be some signs that bank lending may not be growing as fast as in the early summer.

But bank advances and overall monetary growth are still more buoyant than desired. Sterling M3, the broadly defined money supply, grew by 0.9 per cent in the month to mid-August.

The rise in the first two months of the new target period is 1.8 per cent which is equivalent to an annual rate at exactly the top end of the 7 to 11 per cent range. However, the underlying rate of growth is more rapid.

Moreover the official aim is to reduce the rate of monetary growth to the middle of the target range. Consequently the authorities will want to see much clearer evidence on both bank advances and public sector borrowing before reviewing their current monetary stance. This is unlikely to be for at least a month or two.

Domestic credit expanded by £1.06bn last month. Although there were substantial gross sales of gilt-edged stocks they were partly offset by buying in of maturing loans and a further reduction in holdings of Treasury bills outside the banking system so that net purchases of central Government debt by the public and institutions were £221m, much less than recently. But this was almost enough to finance central Government borrowing of £281m.

Atom waste experiments to start

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN AND the U.S. have agreed to conduct a major series of joint experiments using the fast-breeder type of reactor to destroy highly radioactive nuclear waste.

It is expected to start within a few weeks under a contract just signed by the two governments.

Scientists will use the prototype fast reactor at Dounreay, in the North of Scotland—a facility not available for such experiments in the U.S.—to try to incinerate radioactive waste from the U.S.

The experiments were first proposed to the U.S. Department of Energy by Mr. Cliff Blumfield, Director of the Dounreay Nuclear Power Development Establishment, centre of the UK's fast reactor development programme.

Mr. Blumfield said at Dounreay yesterday that his interest began with a search for a long-term alternative to storing highly radioactive waste as a solid in geological structures.

Dounreay is commissioning Britain's latest reprocessing plant for spent nuclear fuel, which was started up by Mrs. Thatcher last week. The plant is designed to process fuel rich in plutonium from the prototype fast reactor.

In principle it is possible to destroy radio-activity by bombarding it with a sufficient intensity of neutrons, of the order of that generated in the fast reactor. The long-lived radioactive elements, such as the metals americium and curium break down into shorter-lived isotopes.

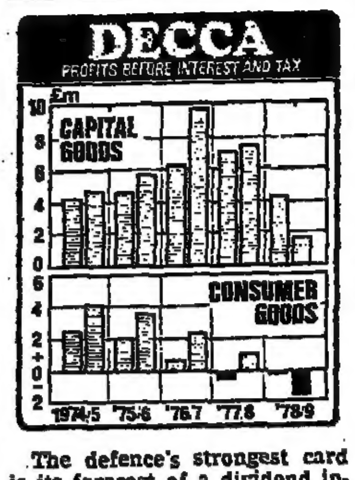
Initial experiments at Dounreay will use small capsules of pure americium and pure curium made by the Americans. Later the plan is for the U.S. Department of Energy's Oak Ridge, Tennessee, laboratory to fabricate small fuel-pins from highly radioactive waste.

But the cost of the technology may still be higher than the cost of finding a permanent geological repository for solidified waste.

THE LEX COLUMN

Problems mount at Decca

Index fell 4.5 to 467.6



Decca's decline has become downright alarming. The £2.5m pre-tax profit struck in the first half of the year to March turns out not to have marked the low point of the company's earnings; it was wiped out in the second six months and for the year as a whole the group is showing a loss of £0.4m, compared with a profit of £12.3m in 1977-78, itself a poor year. At the attributable level there is a loss of £5.3m, and the final dividend has been passed.

The TV side is still loss-making and the record divsion has joined it, while trading profits on electronic capital goods have falen 59 per cent to £5.9m. Bank loans and overdrafts have risen by £13m to £44m, and shareholders' funds were £6m lower at £58m before the crediting of £9m of deferred tax to reserves.

The company's excuses are not particularly convincing. Profits from the sales of electronic warfare material are "taking longer to materialise than expected." Sterling has been strong, and yet Decca has been accused of dumping marine radar in the U.S. Wage costs rose 18 per cent while the workforce declined—but Decca has signally failed to buy industrial peace.

Since the end of Decca's financial year interest rates and sterling have gone higher still, and in the April/September half-year the group has probably done no better than in October/March, which suggests an interim loss of £3m or so. The crumb of comfort is that there may be some recovery over the winter—the factories are working normally, for the moment at least, and some of those elusive defence profits may come through.

Yesterday, after falling 50p at one stage, the "A" shares ended up 30p lower at 245p. There seems every justification for major shareholders to ask some hard questions of management; meanwhile the market in the shares is likely to be dominated more than ever by hopes of a bid.

Dalgety/Spillers

Spillers' defence to the bid from Dalgety is not inspiring. Profits this year are forecast at £15m pre-tax against £14.7m — but last year's figures included £2.5m of non-recurring baking losses. And the forecast would have been much lower had not the competition agreed to follow a price increase in flour announced by Spillers immediately after Dalgety showed its hand.

The defence's strongest card is its forecast of a dividend increase of two-thirds, which wipes out the income advantage promised by Dalgety and leaves a yield of 10.6 per cent at 45½p, yesterday's closing price. Yet the scope for future dividend growth is highly uncertain. Spillers says that this payment will be covered by current cost earnings. But the forecast includes profits of £1.2m pre-tax from Zimbabwe-Rhodesia. And there is no sign that Spillers' "major strategic objective" of switching its resources into more profitable activities is anything more than rhetoric.

On the contrary, a business acquired in the U.S. less than two years ago for nearly $20m is going to make a trading loss of some £2m this year. There may also be extraordinary reorganisation costs.

On the basis of its track record and this document, Spillers' defence rests more on the weakness of the bidder than on its own merits. If this bid were in cash or in paper more attractive than Dalgety's, it would be a welcome way out for shareholders. Over the next week or so, Dalgety has to persuade the market—and in particular its own shareholders—that its management can cope with a bid which would increase its outstanding equity by over a half.

GEC/Averys

More than nine months after GEC's first public statement of its intention to bid for Averys—at a then mooted 225p—it finally launched its offer yesterday. But a price of 245p in cash (with loan notes as an alternative) was clearly calculated to puncture the speculative bubble in Avery's shares, which collapsed from an overnight 275p to near the bid price before rallying to 255p at the close. Nobody believes that GEC will actually win the day at 245p unless something very surprising happens. But GEC is signalling clearly that despite its mountain of cash it is prepared to play this bid the hard way.

In one sense, the long delay while the Monopolies Commission deliberated has favoured GEC. Most engineering shares have tended to ease a little since last November, and profits generally have come under pressure — with the engineering strike now casting a further shadow. A price of 245p would represent a premium of 44 per cent over the 170p ruling before the announcement last November.

On the other hand, Averys has had an unusually long time to prepare its defence. Early on it complained at the damage the uncertainty was doing to the longer term development of its business. But the other side to that coin is that it has had plenty of scope for making sure that the year 1979 can be seen to the very best advantage.

For instance Birmingham brokers Albert E. Sharp think that Averys could make £19.3m pre-tax this year against £15.6m for fully taxed earnings of 25p a share. On an SSAP 15 basis Averys will probably be able to claim that the exit p/e at 245p is only about 6, while there is plenty of scope for pushing the yield well above the current 5 per cent or so.

Money supply

In August the money supply, measured by Sterling M3, grew by 0.9 per cent and in the first two months of the target period it has been growing at an annualised rate of around 11 per cent. However, add in acceptances and it is clear that the money supply is still effectively 7-11 per cent target range, not growing faster than the official withstanding very large gilt sales.

The most worrying aspect is the continued buoyancy of sterling bank lending. This is up by £680m to which should be added another £300m plus of acceptances. Over the last three months bank lending—including acceptances held outside the banking system—has been growing at an annualised rate of over £11bn, roughly twice as fast as it should be.

Perhaps some UK companies are taking advantage of the relaxation of exchange controls to refinance their foreign borrowings domestically. But this hardly explains away the current borrowing binge.

Weather

U.K. TODAY

MAINLY DRY. Rather cold, becoming warmer.

London, S.E., S.W. England, E. Anglia, Midlands, Channel Isles, Wales

Mainly dry. Max. 18C (64F).

Lakes, Isle of Man, N.E. England, Borders, Aberdeen, Glasgow N. Ireland

Scattered showers, dying away. Max. 16C (61F).

Cen. Highlands, N.E., N.W. Scotland

Sunny intervals. Max. 14C (57F).

Orkney, Shetland

Showers. Sunny periods. Max. 11C (52F).

Outlook: Mostly dry. Rather cold, becoming warmer.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	Locarno	S	24	75
Algiers	F	28	82	London	S	17	63
Amsdm.	C	16	71	Los Ang.	F	30	86
Athens	S	30	86	Luxmbg.	F	21	70
Bahrain	F	38	100	Madrid	C	23	73
Beirut	F	31	87	Majorca	C	25	77
Belfast	C	13	55	Malaga	C	26	79
Belgrd.	F	28	82	Malta	C	27	81
Berlin	C	20	68	Mchstr.	C	14	59
Biarritz	F	22	72	Melbne.	R	10	50
Bmghm.	S	16	61	Mex. C.	C	13	55
Blackp'l	S	15	59	Milan	S	25	77
Bordx.	S	25	77	M'ntreal	C	18	64
Boulgn.	C	16	61	Moscow	C	13	55
Bristol	S	15	59	Munich	S	24	75
Brussels	C	18	64	Nairobi	S	20	68
Budpst.	S	26	79	Naples	S	28	82
B. Aires	C	17	63	Nwcstl.	F	15	59
Cairo	F	31	88	N. York	C	26	79
Cardiff	S	15	59	Nice	S	25	77
Cas'b'ca	C	24	75	Nicosia	C	34	93
Cape T.	S	16	62	Oporto	C	21	70
Chicago	C	28	82	Oslo	F	18	64
Cologne	C	19	66	Paris	S	21	70
Cpnhgn.	C	17	63	Perth	C	19	66
Corfu	S	29	84	Prague	S	24	75
Dublin	S	15	59	Reykjvk.	F	5	41
Dbrvnk.	S	25	77	Rhodes	S	28	82
Ednbgh.	F	13	55	Rio J'o	S	26	79
Faro	R	20	68	Rome	S	27	81
Florence	S	18	82	Salzb'rg	F	24	75
Frankf't	S	22	72	S'cisco	F	35	95
Funchal	F	23	73	Singapr.	F	31	88
Geneva	S	24	75	Stckhm.	R	14	57
Gibrltr.	C	24	75	Strasb'g	S	25	77
Glasgow	F	14	57	Sydney	C	19	66
G'msey	F	16	61	Tehran	S	29	80
Helsinki	R	13	55	Tel Aviv	S	27	80
H. Kong	F	31	88	Tenerife	F	21	70
Innsbr'k	S	24	75	Tokyo	C	28	82
Invrnss.	C	10	50	Toronto	F	20	68
I.o.Man	S	14	57	Tunis	F	29	84
Istanbul	S	25	77	Valencia	C	26	79
Jersey	C	15	59	Venice	C	24	75
Jo'burg	F	26	79	Vienna	S	26	79
L. Plms.	S	25	77	Warsaw	S	22	72
Lisbon	C	22	72	Zurich	S	23	73

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.

هكذا من الأصل